

ALUMIL ROM INDUSTRY S.A.

SEPARATE FINANCIAL STATEMENTS

**Prepared in accordance with
Minister of Public Finance Order 2844/2016**

31 DECEMBER 2019

CONTENTS

Report of the Administrator	3 - 17
Statement of the Board of Directors	18
Auditor's report	19-23
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Changes in Shareholders' Equity	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 66

**ANNUAL REPORT
OF THE ADMINISTRATOR
REGARDING THE FINANCIAL YEAR 2019**

Name of issuer: S.C. ALUMIL ROM INDUSTRY S.A.
Registered office: Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Sector 1
Telephone number: 021 424 34 56, fax: 021 423 39 32
Sole Registration Code with the Trade Registry Office: RO10042631
Trade Register number: J40/8540/1997
Share capital called up and paid in: RON 6,250,000.

Legal framework for the preparation of the annual financial statements

S.C. ALUMIL ROM INDUSTRY S.A., with the registered office in Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Complex Baneasa Business & Technology Park, Sector 1, is a joint-stock company operating in accordance with the provisions of the Company Law 31/1991, as republished with subsequent changes.

The share capital of the Company is a private capital in full.

Starting 2012, the Company prepares separate annual financial statements in accordance with the International Financial Reporting Standards as approved by the OMFP no. 2844/2016 with subsequent changes and completions.

In accordance with the Accounting Regulations compliant Directive VII, ALUMIL ROM INDUSTRY S.A. met the conditions of par. 12 of the Regulations mentioned before as of December 31, 2017 and was under the obligation to prepare consolidated annual financial statements. Moreover, in accordance with OMFP no. 1121/2006 on the application of the International Financial Reporting Standards, the Company met the provisions of Art. 1, point 3 and was under the obligation to prepare consolidated financial statements in accordance with IFRS. After the liquidation of S.C. Alumil Extrusion in 2018, the above mentioned conditions and requirements related to consolidated financial statements are not applicable anymore as of December 31, 2018.

1. Analysis of the company activity

1.1 Description of the company's main activity

a) Company presentation

ALUMIL ROM INDUSTRY S.A. is a subsidiary of the company **ALUMIL ALUMINIUM INDUSTRY S.A. Greece**, an industrial group at European level operating in the Aluminum extrusion industry.

ALUMIL ALUMINIUM INDUSTRY S.A. is one of the European leaders in Aluminum extrusion, owning production sites with state-of-the-art technologies, being one of the top factories of Aluminum profiles for constructions, covering all types of applications known in this field.

b) Company subsidiaries

ALUMIL ROM INDUSTRY S.A. held 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipestii de Padure, Ditestii village no. 927, Prahova County, recorded with the Prahova Trade Registry Office under no. J29/866/1999 and Sole Registration Code no. 12402281, with share capital owned by ALUMIL ROM INDUSTRY S.A. in a total amount USD 50,000, the equivalent value of RON 82,500.

1. Analysis of the company activity (continued)

Due to lack of opportunities for company's business, it was decided to cease the activity and go into procedure of simultaneous voluntary dissolution and liquidation of S.C. ALUMIL EXTRUSION S.R.L., decision recorded at the Trade Registry on 12 December 2016, the procedure being finalized in May 2018.

ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, having head office in Turkey, FatihMah., 1188 Sokak, No.13/B Gaziemir /İZMİR, was established and registered in Turkey with the Gaziemir Tax Office on 16 September 2015 under number 0680907038 and with the Izmir Chamber of Commerce under number: 183607 as a joint stock company, Turkish legal entity, having an unlimited operation duration and operating according to the Turkish Commercial Code. The company was established by SC ALUMIL ROM INDUSTRY SA, as sole shareholder. The company's share capital at the date of establishment was of 50,000 Turkish Lira, divided into 50 shares of 1,000 Turkish Lira each. On 16 November 2015, SC ALUMIL ROM INDUSTRY SA has assigned 60% of the shares in ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET S.A., to the company ALUMIL INTERNATIONAL AG Switzerland, the shareholding structure following the assignment is as follows: 20 shares SC ALUMIL ROM INDUSTRY SA namely 40% of the share capital, the equivalent of 20,000 Turkish Lira and 30 shares the ALUMIL INTERNATIONAL AG Switzerland company, namely 60% of the share capital, the equivalent of 30,000 Turkish Lira. In December 2015, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 950,000 Turkish Lira, representing 950 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 380 shares at the nominal value of 1,000 Turkish Lira each. In April 2016, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 1,900,000 Turkish Lira, representing 1,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 760 shares having a nominal value of 1,000 Turkish Lira each. In October 2019, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 4,900,000 Turkish Lira, representing 4,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 1,960 shares at the nominal value of 1,000 Turkish Lira each.

ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, was established and registered in Egypt on 20 March 2016, according to the joint-stock company set up certificate number 1375/20.03.2016 issued by the General Investment and Free Area Authority as a joint stock company for a duration of 25 years. The Company's issued capital at the set up date was of 1,000,000 Egyptian Lira, divided into 1000 shares of 1,000 Egyptian Lira each. The share capital structure at the set up date is the following: Alumil International AG Switzerland 59%, Alumil Rom Industry SA Romania 40% and Alumil MISR for Trading Egypt 1%. In November 2016, the first share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, to the total value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016, a new share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore, the company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares at the nominal value of 1,000 Egyptian Lira each. In February 2019, the third share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with a total value of 20,600,000 Egyptian Lira, out of which the contribution of the Company is Egyptian Lira 8,240,000. The increase will be done in stages, so as of 31.12.2019 the share capital of the company amounted to Egyptian Lira 33,000,000 representing 33,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 13,200 shares at the nominal value of 1,000 Egyptian Lira each.

1. Analysis of the company activity (continued)

c) Main activities

Alumil Rom Industry S.A. manufactures and trades a large range of Aluminum profiles systems (sliding, opening and partitioning systems) and accessories related to these systems, machine tools and specific tools used for aluminum joinery, interior doors and decorative Aluminum panels. The main activities of Alumil Rom Industry S.A. are the production of aluminum profiles, more specifically, processing of profiles through the provision of thermal breaks and electrostatic painting, as well as the trade of a large range of profiles, accessories, composite panels (J-Bond), polycarbonate films etc.

Processing activity

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness". The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility.

The project, implemented in Filipești de Padure, Minieri village no. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Therefore, S.C. ALUMIL ROM INDUSTRY S.A. has put into operation new modern equipment for:

- horizontal painting with two automatic painting booths capable of painting Aluminum profiles in all RAL colors. ALUMIL ROM INDUSTRY S.A. paints about 1,450 kinds of Aluminum profiles in about 200 RAL colors;
- wood-effect painting with a technology based on a pre-printed film for decorating profiles, Aluminum panels and Aluminum accessories, using the sublimation method;
- thermal break production with a capacity of 150 profiles /hour

The installation also includes equipment for applying self-adhesive tape on Aluminum profiles in order to protect painted surfaces.

A small part of the production process is represented by the bending of profiles, an operation carried out only on client request.

The processing (painting) line is composed of:

- Chemical treatment line (baths) for filiform corrosion resistance with a waste water treatment plant;
- Frame preparation line;
- Electrostatic painting installation;
- Polymerization oven;
- Wood-effect painting installation;
- Thermal break production line;
- Profile assembly line.

The production and storage facilities are equipped with:

- fresh water installation and demineralized and fresh water tanks;
- deionized water installation;
- treatment plant (reduction-oxidation, neutralization, flocculation, settling, press filter);
- own wastewater and rainwater sewer network;
- own central heating plant (fuel: natural gas);
- air compressors;
- hydrophore installation;
- transformer station 10 /0.4 KV.

1. Analysis of the company activity (continued)

Moreover, the production area is equipped with a workshop for Aluminum cutting-off machine-tool, electronic platform scales - 2000 kg, portable metal analyzer (METALSCAN) and forklift.

d) Products

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing.

The main product categories of Alumil Rom Industry are:

- Aluminum profiles
- Accessories for Aluminum profiles
- Outdoor Aluminum systems (fences, railings, pergolas)
- J-Bond / Outdoor decorative panels
- Polycarbonates
- WPC composite materials

The Aluminum profiles are grouped in the following categories of systems:

I. Opening windows/doors systems

- a) Without thermal break: COMFORT M940, COMFORT M9400, COMFORT M15000
- b) With thermal break: SMARTIA M9660, SMARTIA M11000, SMARTIA S67, SUPREME S77, SUPREME SD77, SUPREME S91, SUPREME SD95

II. Sliding window systems

- a) Sliding windows without thermal break: COMFORT M900, COMFORT M9000, SMARTIA M12500, SMARTIA M14500
- b) Sliding windows with thermal break: SMARTIA S350, SMARTIA S560, SMARTIA S560LT, SUPREME S650, SUPREME S700

III. Curtain wall systems

SMARTIA M1, SMARTIA M7, SMARTIA M6, SMARTIA M50, SMARTIA M65

IV. Special systems

The special systems are mainly systems for interior partitioning (P100 and P200 Office), sun protection (M5600 Solar Protection), skylights (Skylight M9850, M10800 Skylight Alutherm), systems for protection against insects, pergola systems

e) Quality management and certifications

For the activities carried out in Romania, **ALUMIL ROM INDUSTRY** has implemented and is maintaining a quality management system, according to the requirements of SR EN ISO 9001: 2015, an environmental management system, according to the requirements of SR EN ISO 14001: 2015 and an occupational health and safety management system, according to the requirements of SR OHSAS 18001: 2008. The certification of the quality, environment and occupational health and safety management systems was performed by audits of the certification body SRAC CERT, Romanian certification body with the largest recognition of the brand and of the certificates as a result of the partnership with IQNet (The International Certification Network) and of the accreditation by **RENAR** – body having signed the EA-MLA (European agreement on recognizing certification).

Even since 2005, Alumil Rom Industry also holds a license to use the labels of **GSB “Approved Coated Aluminium”**, body for the certification of aluminum profile painting.

1. Analysis of the company activity (continued)

In 2008, Alumin Rom Industry has also obtained the license to use the **QUALICOAT** labels, certificate that is renewed every year, being issued by the Aluminum Association of Greece Certification Committee, also a painting and production processes certification body.

Having obtained the GSB and QUALICOT licenses proves that ALUMIL ROM INDUSTRY meets the requirements for carrying out the production processes and it has the necessary equipment, the coverage materials required through specifications and regulations obtaining finished products of an adequate quality. All the requirements in the two GSB and QUALICOAT specifications must be met for a quality label to be granted and maintained.

1.1.1 General evaluation items for 2018

	Consolidated ratios	MU	2018	2018
a)	Net profit	RON	2,426,170	535,602
b)	Turnover	RON	67,241,033	94,361,956
c)	Exportation	RON	2,195,729	34,339,693
d)	Cash and cash equivalents	RON	7,260,855	10,728,661

1.1.2 Storage capacity

ALUMIL ROM INDUSTRY S.A. has a storage total area of 27,203 square meters. The statement of the Company of the storage capacities is shown below:

	Location	Surface (sq. m.)	Surface of land (sq. m.)	Total (sq. m.)	Type
1	Alba Iulia	415	-	415	Rented
2	Bacau	417	-	417	Rented
3	Baia Mare	381	-	381	Rented
4	Brasov	450	-	450	Rented
5	Bucharest	1,109	-	1,109	Rented
6	Cluj	1,086	-	1,086	Rented
7	Galati	620	122	742	Owned
8	Iasi	349	-	349	Rented
9	Pitesti	320	-	320	Rented
10	Ploiesti	330	-	330	Rented
11	Slatina	500	-	500	Rented
12	Tg Mures	460	-	460	Rented
13	Timisoara	288	192	480	Rented
14	Filipestii de Padure	8,135	41,868	50,003	Owned
15	Filipestii de Padure	9,262	984	10,246	Owned
16	Filipestii de Padure	3,081	8,915	11,996	Owned
	Total	27,203	52,081	79,284	

1. Analysis of the company activity (continued)

1.1.3 New products introduced in 2019

Alumil Rom Industry is continuously concerned about the client satisfaction, and as a response to the ever changing needs, it is focusing on developing new technical solutions to improve the quality, comfort and safety. The systems are designed, developed and tested in the Alumil Group Research & Development Department in Greece and then certified by internationally recognized certification institutions, such as IFT ROSENHEIM of Germany.



In recent years, Alumil Rom Industry in Romania has introduced a series of new premium systems:

1. SUPREME Range:

S77Phos – roto-tipping minimalist system with hidden sash, allowing the minimization of visible aluminum areas, without influencing the maximum size of the windows;

SF85 – the latest generation folding doors system, allowing the realization large typologies with the maximum size of 1.5x4 meters, integrating standard and semi-structural typologies and free corner solutions;

SD77 and SD95 – system dedicated to access doors with exceptional features for security, tightness and thermic insulation, allowing the creation of doors with Structural and Semi-structural typologies;

S650 e-motion – electrically operated sliding system

2. SMARTIA Range:

S77Phos – roto-tipping minimalist system with hidden sash, allowing the minimization of visible aluminum areas, without influencing the maximum size of the windows;

MD67 – access doors system that permits the realization of all the typologies existing in the market, having excellent technical characteristics for the price segment to which it addresses;

In 2019 we continued promoting the systems mentioned above and added new groups of products to the portfolio:

1. **PG120F** – fixed aluminum pergola system;
2. **PG120P and PG160P** – bioclimatic pergola system with rotating blades and the possibility of equipping of shading systems, ZIP screens, sliding glass etc.;
3. **M8200 GLASS RAILINGS** – Premium railings system, which can incorporate glass of 25.52 mm, 21.52 mm, 17.52 mm, 13.52 mm and 10.52 mm;
4. **SUPREME SD115** – pivoting doors system, with remarkable features regarding the thermic performance and anti-theft security;
5. **FC 50** – a sophisticate system intended for the realization of fencing and Aluminum fences, ensuring a minimalistic design in accordance with architectural requirements;
6. **S560LT** – carpentry system lift & slide intended for the realization of large lifting slides, under the condition of lower rolling profile of small dimensions and of narrow interlocking profiles;
7. **M630** – minimalist gliding system, which is embedded in the ceiling and walls, offering generous glazed surfaces and minimum visible surfaces of the profiles.

1. Analysis of the company activity (continued)

1.1.4 Evaluation of the supply activity

The main supplier of Alumil Rom Industry S.A. is Alumil Aluminium Industry S.A. Greece for both processed and unprocessed profiles. The Company's competitive advantages consist in offering quality products, with a design and functionality of the highest level and the fact that it has access to favorable purchase prices because of the relationship with the parent company from Greece.

The price of Aluminum profiles is strongly influenced by the price of Aluminum on the international market, namely on London Metal Exchange. During 2019, the price of Aluminum on London Metal Exchange (LME) had a fluctuating evolution in the range band of USD 1700-1900/ton. The year started with quotes around USD 1,850/ton, reaching a maximum level of 1,944 USD/ton in March, while the average quote close to year end reached values around USD 1,800/ton.



Source: LME.com

1.1.5 Evaluation of the sale activity

a) Description of the sales evolution and long-term prospects

In 2018, out of the total turnover of RON 94,361,956, an important weight was represented by the exports to Group companies, in amount of RON 34,339,693. In 2019, out of the total turnover of RON 67,241,033, the exports to the Group companies represented only RON 2,195,729. As such the turnover realised on domestic market registered an increase of 8.4%, from RON 60,022,263 in 2018 to RON 65,045,304 in 2019.

	2018	2018
Sales (RON)	67,241,033	94,361,956
Variation compared to the previous year	-28.7 %	36.3 %

Source: Alumil management reporting - financial statements

In 2019 about 96.7% of the turnover was achieved on the domestic market, and the difference of 3.3% represented exports to Alumil Industry S.R.L. in Moldova, to the parent company, Alumil Aluminium Industry S.A. in Greece, and to other companies.

1. Analysis of the company activity (continued)

b) Description of the competition and the market share

The profile market for thermal insulation glass joinery in Romania is dominated by the profiles made of PVC (~ 75% of the value) and of Aluminum (more than 20%), according to the market studies performed in recent years. The other types of profiles (wood, steel and Aluminum and wood) have insignificant weights in the total purchases, accumulating about 5% of the market.

The Company estimates that during 2019 it has maintained its market leadership by an estimated share of about 30%, varying between 35-37% on the retail zone and 23-25% on the large projects zone.

c) The description of any significant reliance on a single customer or group of customers

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2018, the top ten clients accounted for 14.9% of the total sales, and this weight increased in 2019 when the top ten customers accounted for approximately 24.3% of the total sales. Keeping a percentage as small as possible is due to the fact that the Company has permanently tried to avoid a significant reliance on a single customer or group of customers.

1.1.6 Evaluation of the matters concerning the Company's employees

In 2019, the average number of employees was 156, decreasing with 13.8% compared with the year 2018.

If in December 2018 the number of employees was 183, in December 2019 the number of employees decreased with 10.38%, reaching 164. Part of this decrease is due to measures to optimize the activity of certain departments but also to some open recruiting positions at the end of the year which were closed in the first 2 months of 2020.

The evolution of the average number of employees:

	2019	2018
Average number of employees	156	181
Change percentage during the period	-13.80%	1.69%

Source: Management reporting – consolidated statements.

1.1.7 Evaluation of the matters related to the impact of the main activity on the environment

ALUMIL ROM INDUSTRY S.A. holds:

- The Environmental Permit no. PH-124 of 18 December 2018, issued by the Prahova National Agency for Environmental Protection, valid for the entire period during which Alumil obtains annual permit.
- Water management authorization no. 169 of 25 September 2018, valid through 25 September 2020, concerning the water supply and the discharge of waste water, issued by the "Romanian Waters" National Administration, the S.G.A. Prahova unit.

1. Analysis of the company activity (continued)

1.1.8 Evaluation of the research and development activity

Most research and development activities are performed at Group level, in the specialized department of the parent company in Greece. The operations in Romania include a Research & Development department and a technical support one for projects carried out with Alumil profiles. These departments operate closely with the research and development department at Group level, the teams working together to develop new series of profiles and improve existing ones to meet customer requirements.

1.1.9 The evaluation of the ALUMIL ROM INDUSTRY S.A. risk management activity

The Company's exposure to:

- i) **Price risk** - Alumil Rom Industry S.A. has in place a flexible commercial policy and is able to adapt to any price fluctuations, especially since the Aluminum price fluctuations at an international level affects all market participants to the same extent. To this effect, it is an advantage that Alumil Rom is part of a group with high power to acquire and process Aluminum on the international market.
- ii) **Interest rate risk** - The Company's exposure to the interest rate fluctuation risk mainly relates to the floating interest-bearing loans contracted by the Company. At the end of 2019, the balance of short-term loans contracted by the Company was RON 1,933,333 (2018: RON 2,233,205), and of long-term loans was RON 0 (2018: RON 2,833,333). Considering the low gearing, the interest rate risk is also low.
- iii) **Credit risk** - The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, having as a result an insignificant exposure of the Company to bad debts.
- iv) **Liquidity /cash-flow risk** - Much of the Company's sales involve cash receipts or credits granted to customers over a period of several days to several weeks. Together with the loans for working capital, these provide for the current liquidity needs of the Company. During 2018 and 2017, the loans for the working capital were underused, the Company being in a position of financing its activities with own funds. Under these conditions the Company faces a very low liquidity risk.

1.1.10 Perspectives concerning the activity of ALUMIL ROM INDUSTRY S.A.

Alumil Rom Industry S.A. produces and offers to potential customers from Romania Aluminum profiles at international standards with excellent mechanical and physical features, while also providing assistance and advice on all technical aspects of the products.

The main objectives of **Alumil Rom Industry S.A.** are to maintain market leadership in the production and sale of Aluminum profiles in Romania and to focus both on providing innovative, internationally certified products and, from a commercial perspective, on commercial network improving and expanding. The objectives for the coming years are to increase the market share and improve profitability. Additionally to Aluminum profiles, the Company offers a wide range of products in the field, such as outdoor decorative panels, polycarbonate sheets, sun protection systems, interior doors, pergolas, decorative panels and accessories, an important objective being to increase the market share on the segments mentioned above. All these objectives are based on the vision of **Alumil Rom Industry S.A.** and of its parent company from Greece to maintain the leadership on the Southeastern Europe markets and to expand on other markets.

1. Analysis of the company activity (continued)

To achieve these objectives in the coming years, **Alumil Rom Industry S.A.** will focus on increasing the quality of customer service, on increased promptness in fulfilling orders and reducing delivery times. These strategic elements have been a priority in recent years, and by improving the existing processes in the coming years, we will manage to achieve new results on these lines. An important step in this regard is the investment from Filipestii de Padure, a European-level investment with high efficiency equipment completed in July 2013. A new stage in this respect is the creation of 3 regional Hubs in Cluj, Iasi and Slatina, stage started during 2019 to be completed in 2020.

An important success factor for **Alumil Rom Industry S.A.** is the experience of more than 30 years of parent company from Greece in the Aluminum extrusion field, the research and permanent development of new products and technologies and the dynamic presence on international markets. Alumil is recognized in Europe as one of the leading suppliers of profile systems for all known architectural applications (windows, doors, facades, skylights, interior partitions), designed, developed and tested by the Development and Research Department of the Company and certified by the International Institute IFT Rosenheim in Germany, a leading authority in the field.

1.1.11 Company estate

Land and buildings

In terms of real estate properties in the Alumil Rom Industry S.A. estate, these are pieces of land located inside and outside the built-up area of localities, and also constructions, some of them ensuring the performance of the Company main activity.

Alumil Rom Industry owns a piece of land of 50,000 sq. m. located in Filipestii de Padure acquired in 2008 from the subsidiary S.C. Alumil Extrusion S.R.L. on which the real estate property with the total area of 8,835 sq. m. was commissioned and the land of 19,102 sq. m. purchased in Filipestii de Padure in 2009.

In December 2010 Alumil Rom Industry SA purchased in Filipestii de Padure a hall with a built area of 2,955.86 square meters and the related land of 11,996 sq. m.

In July 2013, the building of the new production and storage hall as part of the project performed through SOP IEC was completed, with an area 8,835 square meters, and located in Filipestii de Padure, Minieri Village, where the production activity is currently performed.

Tools and machinery

The table below details the equipment, installations and other major assets of the Company. The most important movable property of the Company is the dyeing installation put into operation in 2013. Additionally the Company records various other tools and machinery of lower value.

1. Analysis of the company activity (continued)

Category	Description	Date of purchase	Purchase value (RON)
Tool	ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	2,251,811
Tool	THERMAL BREAK PRODUCTION LINE SOP IEC 154271/18.05.2011	10-Jul-2013	1,485,683
Tool	WOOD-EFFECT ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	1,015,542
Tool	FILIPESTI TREATMENT PLANT SOP IEC 154271/18.05.2011	12-Jul-2013	744,703
Tool	AUTOMATIC SYSTEM FOR WATER TREATMENT THROUGH FILTERING AND DEMINERALIZATION	10-Dec-2013	383,690
Tool	AUTOMATIC SYSTEM FOR STORAGE ON SHELVES SOP IEC 154271/18.05.2011	15-Jul-2013	342,886
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	FOUR-WAY LIFTING TOOL/SERIES 21719 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	FOUR-WAY LIFTING TOOL/SERIES 21720 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	ELECTRICAL AND PNEUMATIC SYSTEM FOR ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	14-Jun-2013	126,464
Tool	LIFTING SYSTEM FOR PALLETS/BASKETS SOP IEC 154271	10-Jul-2013	122,769

In 2019 there were endownments of warehouses and office spaces of RON 61,781, equipment amounting to RON 6,000, motor vehicles amounting to RON 162,390 and IT equipment amounting to RON 42,580 were purchased.

2. The market for the securities issued by the Company

2.1. The markets on which the securities issued by the Company are negotiated

The shares of ALUMIL ROM INDUSTRY S.A. are traded on the market managed by the Bucharest Stock Exchange in Category Standard, section Equity Securities and the Shareholders' Register is managed by the Central Depository SA Bucharest.

2.2. Policy regarding the dividends

The table below details the dividends proposed by the Board of Directors for 2019 and 2018.

	2018	2018
Retained earnings	1,514,286	978,684
Retained earnings from first-time adoption of IAS 29	6,458,159	6,458,159
Net profit	2,426,170	535,602
Dividends proposes	-	-
Level of appropriation of profit/retained earnings	0%	0%

Source: Company.

* For 2019, the profit appropriation proposition will be subject to the approval of the SGM of 24 April 2020.

3. Management of the Company

3.1. Company administrators

The current composition of the Company Board of Directors is detailed below:

No.	Name	Position	Date of appointment	Date of expiry of the term
1.	Michail Sotiriou	President of the Board	28.04.2018	27.04.2022
2.	Georgios Mylonas	Vice-president of the Board	28.04.2018	27.04.2022
3.	Evangelia Mylona	Member of the Board	28.04.2018	27.04.2022
4.	Marius Ionita	Member of the Board/C.E.O.	28.04.2018	27.04.2022
5.	Georgios Doukidis	Member of the Board	28.04.2018	27.04.2022

a) Any agreement, understanding or family relation between the administrators and another person having influenced their appointment as an administrator:

Mrs. Evangelia Mylona is Mr. Georgios Mylonas' sister, the latter being the President of the Board of Administration of the parent company - ALUMIL ALUMINIUM INDUSTRY S.A. GREECE.

b) Administrators' contribution to the capital of S.C. ALUMIL ROM INDUSTRY S.A.

No.	Name	Position	No. of shares held	% before IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Georgios Mylonas	Vice-president of the Board	5,000	0.02%	0.02%
3.	Evangelia Mylona	Member of the Board	5,000	0.02%	0.02%
4.	Marius Ionita	Member of the Board/C.E.O.	600	0.00%	0.00%
5.	Georgios Doukidis	Member of the Board	-	-	-

3.2. Members of the executive management of S.C. ALUMIL ROM INDUSTRY S.A.

The daily operations of the Company are performed by the following managers who are employed by the Company:

- (a) Ionita Marius – C.E.O.
- (b) Duca Vitalie – Commercial Director
- (c) Balasca Ciprian – C.F.O.

Contribution of the executive management to the capital of the company

No.	Name	Position	No. of shares held
1.	Ciprian Balasca	C.F.O.	1,000
2.	Marius Ionita	C.E.O.	600
3.	Vitalie Duca	Commercial Director	600

3. Management of the Company (continued)

3.3 Information on the relations with affiliates, subsidiaries and associates

The relations with related companies and daughter companies are detailed below:

Name of entity	Nature of operation with the Company	Country of origin
Alumil EGE SA	Shareholder – Alumil Rom Industry (40.00%)	Turkey
Alumil MISR for Aluminium and Industry SA	Shareholder – Alumil Rom Industry (40.00%)	Egypt
Alumil Aluminium Industry SA	Parent and main supplier of semi-finished goods	Greece
Alumil Industry SRL	Subsidiary of the parent, Alumil Mylonas (70.00%)	Moldova
Alumil Zagreb DOO	Subsidiary of the Company – BH Aluminium DOO Bosnia (100%)	Serbia
BH Aluminium DOO	Subsidiary of the Company – ALPRO Vlasenica AD (100%)	Bosnia
BMP Hellas SA	Subsidiary of the Company – LMG European Twchnologies LTD Cipru (70.074%)	Greece

The individuals referred to at points 3.1.a, 3.1.b and 3.2. are also affiliates.

3.4. The Company internal control includes the following main components:

- A clear definition of responsibilities;
- Work procedures;
- Code of conduct;
- Internal dissemination of relevant information;
- Analysis of main risks and procedures for managing these risks;
- Appropriate control activities for each process;
- Outsourced contract for internal audit.

Control aims at the application of the internal rules and procedures, at all hierarchical and functional levels: approval, authorization, verification, operating performances evaluation, asset securing, and task separation.

Internal accounting and financial control is a major item of internal control and its main formalizing items relate to:

- The existence of an accounting policy manual, as well as of procedures to apply the related controls;
- Knowledge of the accounting and fiscal legislation's evolution;
- The performance of specific controls on sensitive matters;
- The identification and appropriate treatment of deviations;
- Adapting the software to the entity's needs;
- Ensuring the accuracy and exhaustiveness of the accounting records;
- Complying with the quality characteristics of the information included in the financial statements.

3.5 SGM competence and shareholders' rights

The SGM's competence and shareholders' rights are in accordance with national law.

4. Information regarding Going Concern Plan in the context of COVID-19

In the context of the worldwide fast propagation of COVID-19 virus, of the estimations regarding the increase of the number of infected persons at national level and of the establishment of emergency state by the President of Romania, Alumil revised at the beginning of March 2020 its Going Concern Plan with regards to the identification of risks that COVID-19 could bring in the activity of the Company.

The main concerns of the management team during this period are related in the first place to:

- The safety of entire Alumil team, of the families of employees, clients and collaborators of the Company.
- Ensuring the continuity of activity in all departments, without interruptions, as much as possible under the given conditions.

The measures to prevent the spread of COVID-19 have been applied gradually within the Company, being introduced since the second half of February 2020, being intensified in the first part of March.

The main risks identified concern temporary difficulties in the supply of the Company, in intra-community deliveries, in the optimal assurance of direct and indirect productive personnel of the Company and in the unpredictability of the legal regulations with temporary impact on the economic activity at the national level.

In order to diminish the negative effects on the Company's activity of the potential risks, the following measures have been implemented:

- Ensuring protection and prevention means to maintain the health status of the staff
- Purchase of thermometers for daily checking of the factory personnel from Filipești de Padure, in order to detect people with potential symptoms of infection with Covid-19
- Start of the tele-working programme for the personnel from the headquarters in Bucharest
- Intensive information campaigns with the purpose of awareness of hygiene rules that must be implemented and complied with in order to prevent contracting the virus, by the entire staff
- Stopping travel abroad for business purposes for all the personnel of the Company
- Stopping organization and participation in activities implying meetings of people outside the company (symposiums, trainings etc.)
- Implementing measures to inform all staff about any symptoms of the disease
- Increased safety stock for certain raw materials and consumables for production
- Ensuring an efficient communication with suppliers from the supply chain in order to ensure measures to prevent malfunctions in the supply chain, related both to the actual supply activity and to any problems of cross-border transport and transit
- Teleconferences and frequent and efficient communication with managers and personnel from the distribution network in order to ensure a fast information flux and a prompt operative decisions.

Until the date of issuing the present information, the trading activity of the Company was not affected by the spread of COVID-19, and the management of the Company is engaged in full and without exceptions implementation of the best management practices and policies so as to ensure the continuity of the economic activity both in the interest of investors and in strict compliance with any measures ordered by the competent authorities.

5. Financial and accounting statement

Assets and liabilities during 2019 - 2018

RON

Balance sheet items	2019	2018
Non-current assets	32,931,303	29,264,524
Intangible assets	104,590	67,663
Tangible assets	22,060,386	24,065,045
Right of use assets from leasing agreements	4,549,342	-
Financial assets	5,352,403	4,107,868
Deferred tax asset	864,582	1,023,948
Current assets	35,529,353	39,061,864
Inventories	13,651,955	14,281,550
Receivables	14,616,543	14,051,653
Petty cash and bank accounts	7,260,855	10,728,661
TOTAL ASSETS	68,460,656	68,326,388
Equity	53,907,333	51,481,163
Long-term liabilities	7,835,892	7,621,741
Current liabilities	6,717,431	9,223,484
TOTAL LIABILITIES	68,460,656	68,326,388

Profit and loss statement for 2019 - 2018

RON

	2019	2018
Sale revenues	67,241,033	94,361,956
Cost of sales	(45,213,937)	(75,440,681)
Gross margin	22,027,096	18,921,275
Other operating income	1,332,850	839,303
Sale and distribution expenses	(15,024,395)	(13,875,890)
Administrative expenses	(4,887,038)	(5,088,958)
Operating profit	3,448,513	795,730
Interest and related income	4,070	38,522
Interest expense	(498,698)	(371,928)
Foreign exchange gains/(losses)	379,455	53,222
Profit before tax	3,333,340	515,546
Current income tax charge	(747,804)	(56,974)
Deferred income tax	(159,366)	77,030
Net profit for the year	2,426,170	535,602
Earnings per share	0.0776	0.0171

President of the Board of Directors,
Michail Sotiriou

C.E.O.
Marius Ionita

Statement of the Board of Directors
of ALUMIL ROM INDUSTRY Company

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby states that they undertake the liability for the preparation of the annual financial statements as at 31 December 2019.

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby confirms the following concerning the annual financial statements as at 31 December 2019:

- a) The annual financial statements are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union.
- b) The accounting policies used for the preparation of the annual financial statements are in compliance with the applicable accounting regulations;
- c) The annual financial statements give a fair view of the financial position, financial performance and of the other information regarding the activity performed;
- d) The Company performs its activity under the going concern principle.

This Statement is compliant with the provisions of Art. 30 of Accounting Law 82/1991 as republished.

PRESIDENT OF THE BOARD OF DIRECTORS,

Sotiriou Michail

INDEPENDENT AUDITORS' REPORT

To the shareholders of Alumil Rom Industry S.A.

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the accompanying separate financial statements of **Alumil Rom Industry S.A. ("the Company")** which comprise the statement of financial position 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.
2. The separate financial statements mentioned above are identified as follows:
 - Net assets/Total equity: RON 53,907,333
 - Result for the year (profit): RON 2,426,170
3. In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent changes and clarifications.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing („ISA”). Our responsibilities under those standards are further described in the „Auditor's Responsibilities for the Audit of the Financial Statements” section of our report.

We are independent of the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to the audit of the financial statements in Romania, and we fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance for the audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter identified, we presented a description of our approach to address it during our audit.

Accounts receivable

They represent a key audit matter, due to the significance of the trade receivables balance (representing 31.6% of the total current assets) and due to the uncertainties regarding the estimations for determination of the allowance adjustment.

As of 31 December 2019 the Company has receivables amounting to RON 19,380,552 (before the allowance adjustment of RON 8,164,405). The identification and determination of the trade receivable allowance requires management to make judgement and assumptions, representing a process with a high level of uncertainty. The main assumptions considered by the management in assessing the level of the allowance include: age of the balances, location of customers, existence of litigations / disputes, recent historic of the collections from the customer and any other available information on the creditworthiness of the customers.

Information on the trade receivables allowance is disclosed by the Company in Note 13 to the separate financial statements.

Description of the auditor's response

Our audit procedures focused on:

- assessing the assumptions considered by the management of the Company (for example in relation to significant balances for which an allowance for trade receivables was recognised or in relation to aged balances for which no allowance was recognised);
- understanding the management's rationale used to identify and assess the allowances;
- obtaining corroborative audit evidence (for example testing the subsequent collections from the customers, analysis of evolution in time of the allowances and their correlation with the customers' balances and the estimated collection dates, correspondence with lawyers representing the Company in the disputes with customers, measures taken by the management to recover the outstanding amounts, checking the compliance with the internal procedures regarding the credit limit given to customers).

We considered also the consistency of application of the policy for recognising an allowance with the prior years. Specifically we considered the value of the allowances recognised in previous periods and used during the current year (by recognising in the result for the year of losses from bad debts written-off), as well as of amounts released to revenue as a result of the collections during the current year.

We assessed the adequacy of the Company's disclosures in the separate financial statements of trade receivable allowances.

Other Information

6. Management is responsible for the preparation and disclosure of other information. The other information includes the Administrator's Report, but does not include the separate financial statements and the auditor's report thereon.

Our audit opinion on the separate financial statements does not cover the other information and unless stated in our report, we do not express any form of assurance conclusion on it.

In connection with our audit of the separate financial statements for the year ended 31 December 2019, our responsibility is to read this other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, or with our other knowledge obtained during the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

7. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent changes and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the process of Company's financial reporting.

Auditors' Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements, as a whole, are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement, when it exists.

Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

-
11. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatements of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of going concern basis for accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue it's activity. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Assess the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rarely circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements responsibilities - Administrators' Report

15. In addition to our reporting responsibilities according to ISA described in section "Other Information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:

- In the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at 31 December 2019;
- The Administrators' Report, identified above, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016, approving the accounting regulations compliant with the International Reporting Standards, with all subsequent changes and clarifications, Annex 1, points 15-19;
- Based on our knowledge and understanding of the entity and its environment acquired during our audit of the separate financial statements as at 31 December 2018, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

Mihaela Manea

Partner

*Registered at the Authority for Public Supervision of Statutory Audit Activities
with no. AF 155*

Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: Mihaela Manea
Registrul Public Electronic: AF 155

*Registered at the Chamber of Financial Auditors of Romania
with certificate no. 155/15.10.2000*

On behalf of Accordserve Advisory SRL

*Registered at the Authority for Public Supervision of Statutory Audit Activities
with no. AF 155*

Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Firma de Audit: Accordserve Advisory Srl
Registrul Public Electronic: FA 110

*Registered at the Chamber of Financial Auditors of Romania
with certificate no. 110/28.11.2001*

Bucharest, Romania

19 March 2020

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

	Notes	2019	2018
Net revenue	23	67,241,033	94,361,956
Cost of sales	24	(45,213,937)	(75,440,681)
Gross margin		22,027,096	18,921,275
Other operating income	23	1,332,850	839,303
Sale and distribution expenses	25	(15,024,395)	(13,875,890)
Administrative expenses	26	(4,887,038)	(5,088,958)
Operating profit		3,448,513	795,730
Interest income		4,070	38,522
Interest expense	28	(498,698)	(371,928)
Foreign exchange gains/(losses)		379,455	53,222
Profit before tax		3,333,340	515,546
Current income tax charge	21	(747,804)	(56,974)
Deferred income tax	21	(159,366)	77,030
Net profit for the year		2,426,170	535,602
Other comprehensive income		-	-
Comprehensive income for the year		2,426,170	535,602
Earnings per share		0.0776	0.0171

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

	Notes	31 December 2018	31 December 2018
Non-current assets			
Intangible non-current assets	8	104,590	67,663
Tangible non-current assets	7	22,060,386	24,065,045
Right of use assets from leasing contracts	9	4,549,342	-
Shares in affiliates	10	5,237,128	4,044,132
Long-term receivables	11	115,275	63,736
Deferred tax asset	20	864,582	1,023,948
Total non-current assets		32,931,303	29,264,524
Current assets			
Inventories	12	13,651,955	14,281,550
Receivables	13	11,216,147	13,507,902
Other receivables and prepayments	14	3,400,396	543,751
Cash and cash equivalents	15	7,260,855	10,728,661
Total current assets		35,529,353	39,061,864
TOTAL ASSETS		68,460,656	68,326,388
LIABILITIES AND EQUITY			
Equity			
Capital	16	10,337,676	10,337,676
Share premiums		26,693,396	26,693,396
Retained earnings		10,398,615	7,972,445
Reserves		6,477,646	6,477,646
Total equity		53,907,333	51,481,163
Long-term liabilities			
Long-term loans	18	-	2,833,333
Investment subsidies	19	4,415,261	4,788,408
Lease liabilities	20	3,420,631	-
Deferred income tax	21	-	-
Total long-term liabilities		7,835,892	7,621,741
Current liabilities			
Suppliers and other payables	22	3,325,084	6,938,908
Lease liabilities	20	1,204,199	-
Short-term loans	18	1,933,333	2,233,205
Current income tax payable	21	254,815	51,371
Total current liabilities		6,717,431	9,223,484
LIABILITIES AND EQUITY - TOTAL		68,460,656	68,326,388

These financial statements and the accompanying notes were approved by the Board of Directors and signed on their behalf on 19 March 2020.

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

	Capital	Share premium	Reserves	Retained earnings	Total equity
1 January 2018	10,337,676	26,693,396	6,477,646	20,436,843	63,945,561
Dividends distributed	-	-	-	(13,000,000)	(13,000,000)
Profit for 2018	-	-	-	535,602	535,602
31 December 2018	10,337,676	26,693,396	6,477,646	7,972,445	51,481,163
Dividends distributed	-	-	-	-	-
Profit for 2019	-	-	-	2,426,170	2,426,170
31 December 2019	10,337,676	26,693,396	6,477,646	10,398,615	53,907,333

The legal reserves of the Company, set in accordance with the Company Law, are in an amount RON 1,250,000 as at 31 December 2019 (31 December 2018: RON 1,250,000).

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit is transferred to legal reserves until the balance of this reserve reaches 20% of the share capital of the Company. If this reserve is used in full or in part for covering the losses or for the distribution in any way (such as issuing of new shares according to the Companies Law), it becomes taxable.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF CASH FLOWS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

	2019	2018
Cash flows from operating activities		
Profit before tax	3,333,340	515,546
Adjustments for monetary items:		
Amortization expenses 7, 8, 9	3,260,160	2,009,235
Setting /(reversal) of provisions for doubtful customers and inventories	(1,367,980)	49,394
Setting /(reversal) of provisions, net	36,407	(924,199)
(Profit) /loss from sale of tangible assets	(339,719)	(69,012)
Revenues from reversal of investment subsidies	(373,147)	(381,703)
Interest (income)/expenses – net	410,690	333,406
Operating income before other changes in working capital	4,959,751	1,532,667
(Increases)/Decreases in trade and other receivables	853,138	20,180,488
(Increase)/decrease in inventories	558,539	(1,281,910)
Increases/(decreases) in suppliers and other payables	(3,483,301)	629,550
Net cash after changes in working capital	2,888,127	21,060,795
Income tax paid	(544,361)	(1,900,000)
Interest paid	(414,760)	(371,928)
Net cash generated from / (used in) operating activities	1,929,006	18,788,867
Net cash flows from investment		
Purchases of tangible, intangible and financial assets 7, 8, 10	(1,093,835)	(1,318,010)
Interest received	4,070	38,522
Net cash generated from / (used in) investment	(1,089,765)	(1,279,488)
Cash flows from finance activities		
Dividends paid	-	(13,000,000)
Loans reimbursement 18	(3,133,205)	(3,546,202)
Payments for lease liabilities	(1,173,842)	-
Net cash (used in) finance activities	(4,307,047)	(16,546,202)
Increase/(decrease) in cash and cash equivalents	(3,467,806)	963,177
Cash and cash equivalents at beginning of period	10,728,661	9,765,484
Cash and cash equivalents at the end of period	7,260,855	10,728,661

1. GENERAL INFORMATION

ALUMIL ROM INDUSTRY S.A. is a Romanian trading company with private capital, having head office in Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Complex Baneasa Business & Technology Park, Sector 1, Romania, having a national distribution network through the warehouses from Bucharest, Alba-Iulia, Bacau, Baia-Mare, Bistrita, Brasov, Cluj-Napoca, Craiova, Constanta, Galati, Iasi, Pitesti, Ploiesti, Slatina, Targu-Mures, Timisoara, Filipestii de Padure. Alumil Rom Industry is a joint-stock company. Starting May 2007, the Company shares are listed on the Bucharest Stock Exchange.

ALUMIL ROM INDUSTRY S.A. Company is a member of a European multinational industrial group involved in Aluminum extrusion. The direct and ultimate parent of the Company is ALUMIL ALUMINIUM INDUSTRY S.A., a company with the trading name ALUMIL S.A., established in 1998, registered in Kilkis, Greece, 61100.

The main activity of the Company

ALUMIL ROM INDUSTRY S.A. sells Aluminum profiles and accessories, equipment for Aluminum joinery, interior doors and Aluminum panels.

Going concern

The financial statements have been prepared on the assumption that assuming that the Company will continue its activity without important changes in the predictable future.

2. OPERATING ENVIRONMENT

In recent years, Romania has undergone substantial political and economic changes. Romania is a market with a developing business infrastructure. The operations performed in Romania involve risks. The dynamic regarding the political, legal and tax environments could significantly affect the Company's ability to perform its commercial activity and it is not possible to estimate what changes may occur or their effect on the Company's financial conditions or future operating results.

3. BASIS FOR PREPARATION

The separate financial statements of the Company have been prepared in accordance with the provisions of Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent changes and clarifications. These provisions are aligned with the requirements of the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), with the exception of the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency. For the purposes of the preparation of these financial statements in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

For all periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Romanian generally accepted accounting practice (MOF 3055/2009 as subsequently amended). Starting the year ended 31 December 2012, the Company prepares separate financial statements according to IFRS.

The financial statements are presented in RON and all amounts are rounded to the nearest RON, unless otherwise stated. The financial statements have been prepared on a historic cost basis.

The Company also prepared for the period 2007 – 2017 consolidated financial statements according to IFRS as adopted by the EU, which are available on the Company website www.alumil.com/ro.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The adopted accounting policies are consistent with those applied in the prior financial year, except the following amended IFRS, which were adopted by the Company as of 1 January 2019:

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU.

The impact of this new standards on the financial statements is summarized below:

Description	RON
Right of use asstes from leasing contracts (01.01.2019)	5,631,744
Lease liabilities (01.01.2019)	5,631,744
Assets recognized during 2019	-
Liabilities recognized during 2019	-
Depreciation chagre for 2019	1,082,402
Payments for lease liabilities during 2019	1,173,842
Interest expense on lease liabilities for 2019	166,928
Right of use asstes from leasing contracts (31.12.2019)	4,549,342
Lease liabilities (31.12.2019)	4,624,830

- **IFRIC 23 Interpretation: Uncertainty over Income Tax Treatment**

The Interpretation is effective for annual periods beginning on or after 1 January 2019 and clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determnes taxable profit (tax loss), tax bases, unused tax losses, unused tax creditsand tax rates
- How an entity considers changes in facts and circumstances

Management assessed that the impact of this new interpretation on the financial statements is limited.

- **Prepayment Features with Negative Compensation – Amendments to IFRS 9**

The amendments became effective for annual periods beginning on or after 1 January 2019.

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the rest of IFRS 9.

The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus am amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normalyy satisfy the SPPI criterion only if other elements of the change in fair value, such as effects of the risk of liquidity, are small.

The gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

Management assessed that the impact of this new interpretation on the financial statements is limited.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **Plan Amendment, Curtailment or Settlement – Amendments to IAS 19**

The amendments to IAS 19 *Employee Benefits* address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments clarify that in these cases the entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after the event;
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after the event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendment provides that entities might have to recognize a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognized before. Changes in the effect of the asset ceiling are not netted with such amounts.

The amendments are effective for annual periods beginning on or after 1 January 2019. Early application is permitted and should be disclosed.

Management assessed that the impact of this new interpretation on the financial statements is limited.

- **IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments).**

The amendments become effective for annual periods beginning on or after 1 January 2019 and clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

Management assessed that the impact of this new interpretation on the financial statements is limited.

- **IASB has issued the Annual improvements to IFRSs – 2015 - 2017 Cycle**, which is a collection of amendments to IFRS. The amendments effective for annual periods beginning on or after 1 January 2019 are:

- *IFRS 3 Business Combinations – Previously held interests in a joint operation* – the amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value; the amendments became effective on 1 January 2019 and early application is permitted;
- *IFRS 11 Joint Arrangements – Previously held interests in a joint operation* – a party that participates in, but does not have joint control of, a joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. The amendments became effective on 1 January 2019 and early application is permitted;
- *IAS 12 Income taxes – income tax consequences of payments on financial instruments classified as equity* – the amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendments became effective on 1 January 2019 and early application is permitted;
- *IAS 23 Borrowing Costs – Borrowing costs eligible for capitalization* – the amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amendments became effective on 1 January 2019 and early application is permitted;

Management assessed that the impact of these amendments on the financial statements is limited.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments**

The effective date of the amendments was not yet decided by IASB, however early application is permitted and must be disclosed. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively.

Management has assessed that the adoption of these amendments do not have a significant impact on the financial statements.

Standards issued but not yet effective and not early adopted

- **Definition of a Business – Amendments to IFRS 3**

The amendments become effective for annual periods beginning on or after 1 January 2020 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements to be a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Management has not assessed yet the impact of these amendments on the financial statements.

- **Definition of Material – Amendments of IAS 1 and IAS 8**

The amendments become effective for annual periods beginning on or after 1 January 2020 to align the definition of „material” across the standards and to clarify certain aspects of the definition. The new definition states that, „Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. Management has not assessed yet the impact of these amendments on the financial statements.

- **The Conceptual Framework for Financial Reporting**

The *revised Conceptual Framework for Financial Reporting* is not a standard. Its purpose is to set out a comprehensive set of concepts for financial reporting, standard settings, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The changes to the *Conceptual Framework* may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

5. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of the financial statements are detailed below:

a) *Estimates and assumptions*

The preparation of the IFRS financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related information, and the disclosure of contingent liabilities, at the end of the reporting period. Real results may be different from these estimates. These estimates are reviewed periodically and, where adjustments are required, they are reported in income statement in the periods when they occur.

Uncertainty about these assumptions and estimates could result in material adjustments in the future to the amounts disclosed on the financial statements.

The Company makes estimates concerning the capacity to cash in the invoices having overdue maturities and set provisions for that portion of the receivables for which the receipt becomes uncertain. Specific provisions are set for the clients against which legal procedures were opened, regardless of their age. For invoices older than one year, the Company sets provisions covering 100% of their value. For determining this percentage, the Company is analyzing the history of receipts and the current economic conditions. If recent information shows that it is necessary to adjust the provision, the Company will register an adjustment of it in the period when the conditions leading to the discounting of the provision were identified. Since the Company cannot foresee the changes in the clients' future financial stability, it is possible that, in the future, the setting of additional provisions will be necessary.

b) *Shares in affiliates*

The investments held in affiliates are disclosed on the Company separate financial statements at cost, minus potential impairment losses. The dividends receivable from the affiliates are recognized when the Company right to receive the payment is established. The impairment losses identified are recognized in profit and loss (Note 5f).

c) *Tangible assets*

Tangible assets are measured at cost, as adjusted for the effect of hyperinflation until 31 December 2003.

The initial cost of tangible assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to the statement of comprehensive income in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is charged on a straight-line basis, using the economic useful lives estimated by the management and considered to be representative from the perspective of the use Company using the future economic benefits generated by the assets. The subsequent improvement costs are capitalized and amortized over the remaining useful life of the asset. No depreciation is computed for land.

The estimated useful lives are as follows:

5. SUMMARY OF ACCOUNTING POLICIES (continued)

c) Tangible assets (continued)

Category	Useful live (years)
Buildings and special constructions	20 – 60
Tools and machinery	5 – 15
Motor vehicles	4 – 6
Furniture	3 – 15

The estimated useful lives and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from tangible assets.

The Company management assesses on an annual basis whether there is an indication that the net value of assets may be impaired. If any indication exists, the Company estimates the asset's recoverable amount and, where appropriate, it records impairment expenses for the difference between the recoverable amount and the net book value.

Tangible assets are eliminated from the balance sheet when the asset is disposed or when no benefits are expected from its use. Gains or losses on the retirement/sale of non-current assets are recognized in the statement of comprehensive income.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

e) Intangible assets

Intangible assets are measured at cost and are amortized on a straight-line basis over 3 to 5 years.

f) Impairment of non-financial assets

According to IAS 36 *Impairment of Assets*, the value of the tangible, intangible and financial assets is assessed annually for identifying the circumstances indicating their impairment. Whenever the net value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income for tangible and intangible assets.

The recoverable amount of an asset is the higher of the fair value less the costs generated by the asset's sale and the value in use.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and the value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amounts are estimated for individual assets, and when this is not possible, for cash flow generating units. The reversal of impairment losses recognized in prior years may only occur when there is an indication that the impairment loss previously recorded for that asset may no longer exist or may have decreased, the reversal is charged as income.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Financial assets

In accordance with IFRS 9 *Financial Instruments*, when the Company first recognizes a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual cash flow characteristics as follows:

- Amortised cost – a financial asset is measured at amortised cost if both of the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets in order to collect individual cash flows; and
 - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income – financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- Fair value through profit and loss – any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit and loss.

When, and only when, an entity changes its business model for managing financial assets it must reclassify all affected financial assets.

Receivables and loans are the most relevant for the Company. Receivables and loans are non-derivative financial instruments with fixed determinable payments that are not quoted on an active market. After initial recognition, these financial assets are recognized at depreciated cost using the effective interest rate method. The depreciated cost is computed by taking into account any discount, premium or purchase costs that form the effective interest rate. The depreciation based on the effective interest rate is included in profit and loss under financial result. The losses resulted from depreciation are recognized in profit and loss under financial result, in case of loans, and under operating expenses, in case of receivables.

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered impaired when there is objective proof that, following one or several events that took place after the initial recognition of the financial asset, the estimated future cash flows of the investment were affected.

Objective proof of impairment could include:

- Significant financial difficulties of the issuer or partner; or
- Breaching the contract, such as the failure to comply with the financial obligations or deviations from the payments of interest or principal; or
- It becomes likely that the debtor will become insolvent or subject to financial reorganization; or
- The disappearance of an active market for the financial asset because of the financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed as individually impaired are, in addition, assessed for impairment collectively. The objective proof of an asset's impairment could include the Company's past experience in collecting payments, an increase in the portfolio's number of late payments above the average credit period, as well as the noticeable changes in the national or local economic conditions that are correlated with the failure to comply with the financial obligations related to receivables.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Financial assets

The carrying amount of the financial asset is decreased by impairment losses directly for all financial assets, except for trade receivables, where the book value is decreased by using an allowance for impairment account. Subsequent recoveries of values canceled previously are credited to the allowance for impairment account. Changes in the carrying amount of the allowance for impairment account are recognized in profit and loss.

Impairment of financial assets is recognised in stages:

Stage 1 – as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This Serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (ie without deduction for expected credit losses);

Stage 2 – if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1;

Stage 3 – if the credit risk of a financial assets increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (ie the gross carrying amount less the loss allowance). Financial assets at this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset (either directly or under a “pass-through” arrangement). The Company has no financial assets at fair value through profit and loss or financial assets available for sale.

h) Financial liabilities

In accordance with IFRS 9 *Financial Instruments*, the Company’s financial liabilities are measured at amortized cost, except for the financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designed and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss (see “fair value option” below). After initial recognition, an entity cannot reclassify any financial liability.

The Company’s financial liabilities classified as: loans, trade and other payables. These financial liabilities are recognized initially at fair value net of the transaction costs directly attributable and are subsequently measured at amortized cost or based on the effective interest rate method.

Gains and losses are charged to the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The financial liabilities are derecognized when the obligation is met or cancelled or expires.

The financial assets and liabilities are offset only when the Company has an enforceable legal right to offset and the intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

6. SUMMARY OF ACCOUNTING POLICIES (continued)

i) Foreign currency transactions

The functional and presentation currency: the financial statements of the Company are prepared in the currency of the economic environment in which it operates. The functional and presentation currency for the financial statements is the Romanian Leu ("RON").

Transactions arising in foreign currencies are translated into RON at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are re-measured in RON at the exchange rate prevailing at the balance sheet date. Foreign exchange gains or losses, either realized or unrealized, are charged to the statement of comprehensive income. The RON/USD and RON/EUR as at 31 December 2019 and 2018 are detailed below:

Currency	31 December 2019	31 December 2018
RON/EUR	4.7793	4.6639
RON/USD	4.2608	4.0736

j) Inventories

Inventories are valued at the lower of cost and net realizable value, using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, impairment is recorded for excess, obsolete or defective inventory.

k) Receivables

Receivables are initially carried at the fair value of the consideration receivable and subsequently measured at amortized cost, after allowance for impairment estimated based on factors relevant for their collectability. Evidence of impairment include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter in bankruptcy or other financial reorganization. Actual losses may differ from current estimates.

l) Cash and cash equivalents

Cash includes petty cash and bank accounts. Cash equivalents are highly liquid short-term investments that can be quickly transformed into a known amount, with original maturity of at most three months and have an insignificant risk of change in value.

m) Payables

Liabilities are initially carried at the fair value of the consideration payable and subsequently measured at amortized cost, and include amounts payable, whether or not invoiced, for goods, works and services.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

n) Loans

The Company classified the loans in short and long-term loans, according to the maturity provided by the loan agreement.

The loans are initially carried at the amount of the drawings, net of transaction costs. Subsequently, they are reflected at amortized cost using the effective interest rate, the difference between the amount of the drawings and the amount reimbursable being carried in the net profit for the period, over the loan period. The transaction cost includes commissions and fees paid to agents, brokers or dealers.

o) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

p) Employee benefits

Short-term benefits:

Short-term employee benefits include salaries and social security contributions. They are recognized as expenses as services are rendered.

Post-employment benefits – pension plan:

Both the Company and its employees have the obligation to pay monthly contributions (including social security contributions) to the National Pension Fund administered by the Social Insurance of the Romanian State and to private pension funds (starting 2008). Therefore, the Company has no legal obligation to pay future amounts, other than these contributions related to pensions. If the Company no longer employs new personnel who are members of the Social Insurance of the Romanian State, it will have no obligation to pay the benefits obtained by its employees in prior years. The Company contributions to the pension plan are charged to the statement of comprehensive income in the year to which they relate.

Compensation benefits – pension plan:

As provided by the Romanian Law, the Company makes compensation payments in cases of downsizing, whether or not related to reorganization. The expenses with these payments are recognized when the management decides to adopt a plan that will result in future compensation payments and, until the balance sheet date, it either starts to implement the restructuring plan or provided information about the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Company will carry out the restructuring.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

q) Profit tax

The tax on the profit or loss for the year comprises the current tax and the deferred tax. Current tax assets and liabilities for the current and prior periods are carried at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax is computed according to the fiscal legislation in force in Romania and is based on the results reported on the statement of comprehensive income of the Company, prepared in accordance with the local accounting standards, following any adjustments for fiscal purposes. The current income tax is applied on the accounting profit adjusted according to the fiscal legislation in a rate 16% (2017: 16%). The fiscal losses may be carried forward for seven years.

The deferred income tax reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the fiscal amounts used for current income tax purposes. The deferred income tax recoverable or payable is determined using the tax rate expected to be applicable in the year when the temporary differences will be recovered or settled. The assessment of the deferred tax payable or recoverable reflects the tax consequences that would result from the manner in which the Company expects to realize or settle the carrying amount of its assets and liabilities as at the balance sheet date.

The deferred tax liabilities are recognized regardless of the time when is probable to realize the temporary differences. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognized when it is probable that future taxable profit will be available against which the deferred tax can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

r) Value Added Tax (VAT)

The revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and liabilities are stated with the amount including VAT.

The net VAT amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

s) Revenue recognition

The revenue is recognized in accordance with IFRS 15 *Revenues from Contracts with Customers*, which establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry

The sales, which exclude taxes and discounts, are recognized on delivery of the goods or the rendering of the services and when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on their delivery.

Interest income is recognized when the interest becomes due (using the effective interest rate, being the rate that equalizes the estimated future cash flows over the life of the financial instrument with the net carrying amount of the financial asset).

The revenues from dividends are recognized when the Company's right to receive the payment is established.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

t) Fair value of financial instruments

The company is valuing the financial instruments at the fair value as the balance sheet date. Presentations related to the fair value of financial instruments are presented in Note 17. Fair value is the price the company would receive for the sale of an asset or for transferring a liability within a transaction between two market participants at the date of measuring. The fair value is determined based on the assumption that the transaction to sell the asset or transfer the liability takes place:

- On the main market of assets and liabilities, or
- In the absence of a main market, on the most advantageous market for that asset or liability

The fair value of an asset or of a liability is determined based on the assumptions the market participants would use, assuming that the market participants were acting to their best economic interests.

All assets and liabilities for which the fair value is determined or presented in the financial statements are included in the fair value hierarchy, presented below, based on the lowest input that is significant for determining the fair value:

- Level 1 — Unadjusted market prices for similar assets or liabilities
- Level 2 — Valuation techniques for which the lowest input value, significant for the fair value, is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest material input value is not observable

For assets and liabilities recognized in the financial statements at fair value based on a recurrent basis, the Company determines whether there were transfers between hierarchy categories by assessing the categorization at the end of each reporting period. In order to present the fair value, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities, as well as on the fair value hierarchy, as presented above.

u) Provisions

The provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and if it is probable (is more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at the end of each financial year as adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of the provisions is the discounted amount of the expenses necessary to settle the obligation.

v) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes when an inflow of economic benefits is probable.

w) Subsequent events

The events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

The events after the balance sheet date that provide additional information on the Company position at the balance sheet date are adjusting events after the balance sheet date.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

w) Subsequent events (continued)

The events after the balance sheet date that are indicative of the conditions that arose after the balance sheet date are non-adjusting events after the balance sheet date.

x) Affiliates

A party is considered an affiliate when, through ownership, by contract, family relations or otherwise, has the ability to control, directly or indirectly, or to have a significant influence over the other party. Affiliates also include individuals such as the main owners, the management, and members of the Company's Board of Directors and members of their families.

6. SEGMENT REPORTING

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing. The Company has a single operating segment according to IFRS 8.

The sale detailing by value for the main categories of products is as follows:

Product category	2019	2018
Profiles	46,679,652	43,053,613
Accessories	18,688,287	15,495,756
Composite Aluminum panels	313,362	1,346,936
Aluminum Bars	-	32,680,150
Systems for automation applications	788,956	308,639
Painting services, waste, and other	770,776	1,476,862
Total	67,241,033	94,361,956

The value structure of the sales on the domestic and foreign market, respectively, is shown below:

Market	2019	2018
Domestic	65,045,304	60,022,263
Foreign	2,195,729	34,339,693
Total	67,241,033	94,361,956

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

7. TANGIBLE ASSETS - NET

As at 31 December 2019 and 2018, the tangible assets – net, are as follows:

	31 December 2019	31 December 2018
Land and buildings	16,468,161	17,342,314
Equipment and motor vehicles	5,100,331	6,149,801
Furniture	491,894	572,930
Advances and tangible assets in progress	-	-
Total tangible assets	22,060,386	24,065,045

The evolution of the tangible assets during the period 31 December 2018 to 31 December 2019 is shown below:

	Land and buildings	Tools and motor vehicles	Furniture	Advances and tangible assets in progress	Total
Cost					
01 January 2018	19,323,703	21,626,608	1,996,013	76,118	43,022,442
Additions 2018	-	39,741	260,609	1,032,832	1,333,182
Disposals 2018	-	(832,344)	(13,050)	-	(845,394)
Transfers 2018	1,108,950	-	-	(1,108,950)	-
31 December 2018	20,432,653	20,834,005	2,243,572	-	43,510,230
Additions 2019	-	79,716	42,581	150,455	272,752
Disposals 2019	(114,176)	(63,657)	(7,124)	-	(184,957)
Transfers 2019	61,781	88,674	-	(150,455)	-
31 December 2019	20,380,258	20,938,738	2,279,029	-	43,598,025
Accumulated depreciation					
01 January 2018	2,532,103	14,295,221	1,565,486	-	13,892,810
Expense for 2018	558,236	1,221,327	118,206	-	1,897,769
Accumulated depreciation related to disposals 2018	-	(832,344)	(13,050)	-	(845,394)
31 December 2018	3,090,339	14,684,204	1,670,642	-	19,445,185
Expense for 2019	824,296	1,203,888	123,617	-	2,151,801
Accumulated depreciation related to disposals 2019	(2,538)	(49,685)	(7,124)	-	(59,347)
31 December 2019	3,912,097	15,838,407	1,787,135	-	21,537,639
Remaining value					
31 December 2018	17,342,314	6,149,801	572,930	-	24,065,045
31 December 2019	17,342,314	5,100,331	491,894	-	22,060,386

As at 31 December 2019 and 31 December 2018, the Company management verified whether indication that assets may be impaired exists and concluded no such indication, from external or internal sources, existed.

7. TANGIBLE ASSETS – NET (continued)

Borrowing costs capitalized

The Company signed in May 2011 the funding agreement with the Managing Authority within the Ministry of Economy, Trade and Business Environment, as part of the “Sectoral Operational Program Increasing Economic Competitiveness”. The project was implemented over 26 months and consisted in the building of the industrial hall and of the office area, and the purchase of state-of-the-art tools and equipment. The main equipment purchased under the project are: thermal break profile production line, wood-effect electrostatic painting, wood-effect horizontal electrostatic painting, treatment plant, lifting system for pallets, travelling cranes, automatic system for storage on shelves, etc.

The project was finalized in 2013, and the value of the investment, VAT excluded, as at 31 December 2013 was RON 20,085,466, out of which, non-reimbursable funding RON 5,963,721. The building was funded in part under a financing contract “Investment facility” signed in 2012 with Millennium Bank. Consequently, in 2018 and 2019, no interest was capitalized. The non-amortized value of the investment as at 31 December 2019 is RON 14,293,133 (31 December 2018: RON 15,233,083). Details on the pledged fixed assets are presented in Note 18. The net value of the non-current assets set as guarantees as of 31 December 2019 is of RON 10,978,258 (31 December 2018: 15,000,093).

The gross value of the fixed assets fully depreciated as of 31 December 2019 is of RON 16,756,475 (31 December 2018: RON 16,892,083).

8. INTANGIBLE ASSETS - NET

As at 31 December 2019 and 2018, the intangible assets include:

	31 December 2019	31 December 2018
Software	104,590	30,352
Advances and intangible assets in progress	-	37,311
Total intangibles	104,590	67,663

The software licenses used by the Company are Oracle Standard, Windows XP and Bitdefender.

8. INTANGIBLE ASSETS – NET (continued)

The evolution of the intangible assets during the period is as follows:

	Software	Other intangible assets	Advances and intangible assets in progress	Total
Cost				
01 January 2018	5,686,219	-	19,429	5,705,648
Additions 2018	15,597	-	38,243	25,108
Disposals 2018	-	-	-	-
Transfers 2018	20,361	-	(20,361)	-
31 December 2018	5,722,177	-	37,311	5,705,648
Additions 2019	6,072	-	56,813	62,885
Disposals 2019	-	-	-	-
Transfers 2019	94,124	-	(94,124)	-
31 December 2019	5,822,373	-	37,311	5,822,373
Accumulated amortization				
01 January 2018	5,580,359	-	-	5,580,359
Expense for 2018	111,466	-	-	111,466
Disposals 2018	-	-	-	-
31 December 2018	5,691,825	-	-	5,691,825
Expense for 2019	25,958	-	-	25,958
Disposals 2019	-	-	-	-
31 December 2019	5,717,783	-	-	5,717,783
Remaining value				
31 December 2018	30,352	-	37,311	67,663
31 December 2019	104,590	-	-	104,590

During the year, software was acquired: Windows XP.

As at 31 December 2019 and 31 December 2018 no indication of impairment for intangible assets was identified.

9. RIGHT OF USE ASSETS FROM LEASE CONTRACTS – NET

As at 31 December 2019, the right of use assets – net, are as follows:

	31 December 2019
Buildings	4,383,600
Motor vehicles	165,742
Total right of use assets	4,549,342

9. RIGHT OF USE ASSETS FROM LEASE CONTRACTS – NET (continued)

The evolution of the right of use assets during the period is as follows:

	Land and buildings	Equipment and motor vehicles	Furniture	Total
Cost				
31 December 2018	-	-	-	-
Additions 2019	5,424,566	207,178	-	5,631,744
Exchange differences 2019	-	-	-	-
31 December 2019	5,424,566	207,178	-	5,631,744
Accumulated amortization				
31 December 2018	-	-	-	-
Expense for 2019	1,040,966	41,436	-	1,082,402
31 December 2019	1,040,966	41,436	-	1,082,402
Remaining value				
31 December 2018	-	-	-	-
31 December 2019	4,383,600	165,742	-	4,549,342

10. SHARES IN AFFILIATES

	31 December 2019	31 December 2018
Shares in Alumil EGE SA Turcia	1,970,482	1,096,812
Shares in Alumil MISR Egypt	3,266,646	2,947,320
Impairment adjustments	-	-
Total shares in affiliates	5,237,128	4,044,132

ALUMIL ROM INDUSTRY S.A. held 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipești de Padure, Ditești village no. 927, Prahova County, recorded with the Prahova Trade Registry Office under no. J29/866/1999 and Sole Registration Code no. 12402281, with share capital fully owned by ALUMIL ROM INDUSTRY S.A. in a total amount USD 50,000, the equivalent value of RON 82,500.

As a result of the losses recorded by ALUMIL EXTRUSION S.R.L., as determined on the financial statements approved according to the law, the adjustment for the impairment of the shares held by ALUMIL ROM INDUSTRY S.A. in ALUMIL EXTRUSION S.R.L. was recorded. On 12 December 2016, the decision to dissolve the company was registered with the Trade Register Office attached to Prahova County. The procedure was finalized in May 2018.

In 2015, the Company has participated in the establishment of ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ ("ALUMIL EGE"), with the head office in Turkey, by a cash contribution of RON equivalent at subscription date of 538,890, the equivalent value of TRY 380,000. As of 31 December 2016, following the share capital increase, the Company has subscribed the amount RON 1,107,152, the equivalent value of TRY 760,000, representing 40% of ALUMIL EGE's shares. In October 2019, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 4,900,000 Turkish Lira, representing 4,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 1,960 shares at the nominal value of 1,000 Turkish Lira each.

10. SHARES IN AFFILIATES (continued)

As at 31 December 2019, the net asset of ALUMIL EGE is RON 8,052,654, the equivalent of TRY 11,262,393 (2018: RON 4,492,073, the equivalent value of TRY 5,833,861). As part of the economic activity performed in 2019, the Company's turnover was of TRY 22,348,784, the equivalent of RON 15,979,466 (2018: TRY 14,325,870, the equivalent of RON 11,030,920), obtaining net loss of TRY 1,387,108, the equivalent of RON 991,788.

In 2016, the Company participated in the establishment of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, with cash contribution in RON equivalent at subscription date amounting to RON 178,640, the equivalent of 400,000 Egyptian Lira, representing 40% of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC's shares. In November 2016, the first share capital increase was decided for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, up to the value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, out of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016 a second share capital increase was decided for the company ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore the Company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares having a nominal value of 1,000 Egyptian Lira each, the RON equivalent of RON 2,947,320. In February 2019, the third share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with a total value of 20,600,000 Egyptian Lira, out of which the contribution of the Company is Egyptian Lira 8,240,000. The increase will be done in stages, so as of 31.12.2019 the share capital of the company amounted to Egyptian Lira 33,000,000 representing 33,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 13,200 shares at the nominal value of 1,000 Egyptian Lira each. During the financial years 2018 and 2019, the Company performed no commercial activities, the only transactions relating its establishment.

11. LONG-TERM RECEIVABLES

As at 31 December 2019 and 2018, the long-term receivables are as follows:

	31 December 2019	31 December 2018
Guarantees for rent	108,863	58,324
Other long-term receivables	6,412	5,412
Long-term receivables – total	115,275	63,736

As at 31 December 2019, the long-term receivables mainly comprise guarantees for the locations rented: RON 108,863 (31 December 2018: 58,324) and other guarantees: RON 6,412 (31 December 2018: RON 5,412).

12. INVENTORIES

	31 December 2019	31 December 2018
Raw materials and materials at cost and spare parts	3,593,349	2,723,403
Finished goods and merchandise at cost	12,187,733	13,601,000
Work in-progress	973	16,192
Impairment adjustments	(2,130,100)	(2,059,045)
Total inventories, net	13,651,955	14,281,550

The Company policy for inventory valuation provides that no provision is set for the inventories to be returned to the suppliers. For non-returnable items, provisions are set based on the accounting policy detailed in Note 5. The amount of the non-usable inventories is adjusted to the level of the recoverable value from aluminum waste. The amount of the inventories recognized as an expense during 2019 is RON 40,257,277 (2018: RON 70,865,654), being included in the statement of comprehensive income, in the cost of sales (and, as part of these, in the cost of inventory).

The Company set provisions for the impairment of merchandise inventories as follows:

	31 December 2019	31 December 2018
Balance as at 31 December	2,059,045	1,907,972
Provisions set during the year	317,590	162,744
Provisions reversed during the year	(246,535)	(11,671)
Balance as at 31 December	2,130,100	2,059,045

The amount of the provisions set or reversed is included in the statement of comprehensive income in the "cost of sales".

As of 31 December 2019, the value of inventories pledged as part of the short-term loan contracted by Banca Transilvania S.A. (**Note 18**) for a period of 1 year amounts to RON 13,651,955 (2018: RON 14,281,550).

13. RECEIVABLES

As at 31 December 2019 and 2018, the receivables were as follows:

	31 December 2019	31 December 2018
Outstanding receivables from customers	10,949,711	13,346,535
Receivables outstanding, but for which no provision was set	266,436	161,367
Receivables outstanding, and for which provisions were set	8,164,865	9,624,865
Provisions	(8,164,865)	(9,624,865)
Total receivables	11,216,147	13,507,902

As at 31 December 2019 and 2018, the statement of the age of outstanding receivables for which no provision was set is as follows:

	31 December 2019	31 December 2018
Outstanding one to 60 days	168,246	61,682
Outstanding 61 to 180 days	17,617	16,018
Outstanding above 180 days	80,573	83,667
Total outstanding receivables	266,436	161,367

The Company trading policy allows client crediting for zero to 180 days and provides the setting of allowances based on the receivable age as at balance sheet date and on specific factors related to receivable collectability from certain customers. When determining the recoverability of a receivable, the Company analyzes the client creditworthiness, payment history and current economic conditions. When recent information show the discount of the allowances is needed, the Company will record its change in the period when the conditions triggering the allowance discount are identified. Because the Company cannot foresee the changes in the clients' future financial stability, there is a possibility that additional allowances are needed in the future.

The Company set allowances for the impairment of trade receivables as follows:

	31 December 2019	31 December 2018
Balance as at 31 December	9,624,865	9,717,095
Provisions set during the year	272,738	217,167
Provisions reversed during the year	(1,733,198)	(309,397)
Balance as at 31 December	8,164,405	9,624,865

The allowances reversed in 2019 include amounts reversed following the collection of receivables in an amount of RON 248,497 (2018: RON 42,223) and amounts reversed following the written-off of receivables in amount of RON 1,485,701 (2018: RON 267,174). The amount of the allowances set or reversed, and of the receivables disposed, is included on the statement of comprehensive income on line "Sale and distribution expenses".

As at 31 December 2019, the amount of the receivables mortgaged as part of the short-term loan contracted from Banca Transilvania S.A. (Note 17) for one year is RON 10,949,711 (2018: RON 11,313,738).

Details on the balances of receivables from affiliates are presented in Note 32.

14. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2019 and 2018, other receivables and prepayments are as follows:

	31 December 2019	31 December 2018
Taxes and duties paid in excess	159,835	169,211
Sundry debtors and cash advances and other amounts	127,654	131,317
Sundry debtors	2,685,199	701,930
Provisions for sundry debtors and other receivables	(750,250)	(728,824)
Advances paid to suppliers	961,113	59,009
Prepayments	212,900	199,291
Other receivables	3,945	11,817
Total other receivables and prepayments	<u>3,400,396</u>	<u>543,751</u>

The details on the balances of the receivables with affiliates are presented in Note 32.

On 2 July 2019, based on the Board of Directors from 1 February 2019, the payment of EUR 409,583.50, equivalent of EGP 8,240,000 at the date of payments was done, representing cash contribution to share capital of the subsidiary ALUMIL MISR FOR ALUMINIUM AND ACCESSORIES INDUSTRY JSC EGIPT. Because the share capital increase is done in stages, as of 31 December 2019, out of the total of EGP 8,240,000 transferred, the amount of EGP 7,240,000, equivalent of RON 1,873,380, for which the share capital increase is not yet finalized, was included in the sundry debtors.

Included in the advances paid to suppliers, as of 31 December 2019, is the amount of EUR 182,293, equivalent of RON 871,235, amount paid in advance to ALUMIL SA Grecia, based on the framework cooperation agreement, advance closed by acquisitions in January 2020.

The Company set provisions for the impairment of receivables related to sundry debtors as follows:

Balance as at 31 December 2018	728,824
Provisions set in 2019	28,970
Provisions reversed in 2019	(7,544)
Balance as at 31 December 2019	<u>750,250</u>

The amount of the provisions set and reversed is included on the statement of comprehensive income on line "Sale and distribution expenses".

15. CASH AND CASH EQUIVALENTS

As at 31 December 2019 and 2018, the cash availabilities and cash equivalents consisted in the following:

	31 December 2019	31 December 2018
Bank accounts in RON	3,379,527	4,448,638
Bank accounts in foreign currency	3,868,127	6,268,615
Short-term deposits	-	-
Petty cash in RON	13,017	11,388
Petty cash in foreign currency	184	20
Cash equivalents	-	-
Total cash and cash equivalents	7,260,855	10,728,661

The details regarding the restrictions on cash availability accounts are presented in Note 18.

16. SHARE CAPITAL

The shareholding structure as at 31 December 2019 and 31 December 2018 is as follows:

Shareholder	% of shareholding	No. of shares	Restated amount	Historical amount
Alumil Mylonas S.A.	55.90%	17,470,150	5,778,760	3,493,750
Sotiriou Michail	23.95%	7,485,150	2,475,873	1,496,875
Milonas George	0.02%	5,000	2,068	1,250
Milona Evangelina	0.02%	5,000	2,068	1,250
Korda Despina	0.02%	5,000	2,068	1,250
Other	20.09%	6,279,700	2,076,839	1,255,625
Total share capital	100.00%	31,250,000	10,337,676	6,250,000

The shares of the Company have a nominal value RON 0.2/share. Starting April 2007, the Company shares are traded on the Bucharest Stock Exchange.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Interest rate risk

The interest rate risk is the risk that the interest rate will fluctuate in time. The Company has short- and long-term loans bearing floating interest rates, which exposes the Company to cash risks.

The table below shows the sensitivity of the interest rate variation with all the other variables held constant and an impact on the gross profit.

2019	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	1%	-	-
EUR	(1)%	-	-
RON	1%	(19,333)	(4,415)
RON	(1)%	19,333	4,415

2018	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	1%	(2,332)	(500)
EUR	(1)%	2,332	500
RON	1%	(48,323)	(10,361)
RON	(1)%	48,323	10,361

b) Foreign exchange risk

The functional currency of the Company is RON, while the loans and most of the trade liabilities are denominated in foreign currency (EUR). As a result, the Company may be affected by changes in exchange rates. The Company uses no derivative instruments to hedge the currency risk.

The table below shows the sensitivity of the exchange rate (EUR vs RON) variation with all the other variables held constant and an impact on the gross profit:

2019	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	276,947	57,947
EUR	(5)%	(276,947)	(57,947)

2018	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	339,752	72,847
EUR	(5)%	(339,752)	(72,847)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The tables below detail the balances in foreign currencies and in the functional currency as at 31 December 2019 and an analysis of the sensitivity of the evolution in the exchange rate differences:

Assets	USD	EUR	RON
Monetary non-current assets:			
Customers and other receivables	-	-	864,582
Shares held at affiliates	-	-	-
Long-term receivables	-	-	115,275
Monetary current assets:			
Customers and other receivables	223,497	472,107	11,407,926
Cash and cash equivalents	6,567	803,533	3,392,549
Total monetary assets	230,064	1,275,640	15,998,133
Liabilities	USD	EUR	RON
Monetary long-term liabilities:			
Loans	-	-	-
Suppliers and other payables	-	-	7,835,892
Monetary short-term liabilities:			
Loans	-	-	1,933,333
Suppliers and other payables	-	321,800	13,015,344
Total monetary liabilities	-	321,800	13,015,344
Ratio	USD	EUR	RON
Net position, in the initial currency	230,064	953,840	2,764,988
Exchange rates	4.2608	4.7793	1
Net position, in the functional currency	980,257	4,558,688	2,764,988
Possible reasonable variation in exchange rates (+), %	5%	5%	0%
Effect on the comprehensive income, in the functional currency	49,013	227,934	-
Possible reasonable variation in exchange rates (-), %	-5%	-5%	0%
Effect on the comprehensive income, in the functional currency	(49,013)	(227,934)	-
Effect on the comprehensive income, in the functional currency, for each currency	USD	49,013	(49,013)
	EUR	227,934	(227,934)
	RON	-	-
	Total	276,947	(276,947)

c) Credit risk

The maximum exposure of the Company to the credit risk is reflected in the amount of the receivables from customers and of other current assets, net of the provisions for impairment recognized at the balance sheet date, as disclosed on the related Notes (12 and 13). In regard to the exposure to the financial institutions through the current accounts and bank deposits (Note 14), the Company closely monitors the financial condition of the banks where it holds bank accounts and, to the date of these financial statements approval, it did not identify any deterioration indicator for the financial condition of these banks.

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2018, the top ten clients accounted for 14.9% of the total sales, and this weight increased in 2019 when the top ten customers accounted for approximately 24.3% of the total sales. Keeping this percentage as low as possible is due to the fact the Company permanently tried to avoid a significant dependence on a customer or group of customers.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

The liquidity risk results from the possibility of not collecting the receivables related to the Company under regular commercial terms, from potential issues in the recovery of long-term receivables, and from negative operating cash-flows. In order to control this risk, the Company periodically assesses the financial solvency of its clients.

The Company's policy is to maintain sufficient liquidity to cover the liabilities having reached maturity. The information on the Company liabilities as at 31 December 2019 and 2018 based on undiscounted future payments (including future interest) is shown below.

As at 31 December 2019

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below 3 months	-	3,579,899	-	511,210	4,091,109
Payments in a period of 3 to 12 months	-	1,204,199	-	1,533,631	2,737,830
Payments in a period of 1 to 5 years	-	3,420,631	-	-	3,420,631
Total	-	8,204,729	-	2,044,841	10,249,570

As at 31 December 2018

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below 3 months	2,198	4,194,378	2,795,902	528,997	7,521,475
Payments in a period of 3 to 12 months	235,383	-	-	1,586,992	1,882,375
Payments in a period of 1 to 5 years	-	-	-	3,104,258	3,104,258
Total	237,581	4,194,378	2,795,902	5,220,247	12,448,108

e) Fair value of financial instruments

The best estimate of the fair value is the market value on an active market. If the market for the financial instruments is not active, the Company determines the fair value by using valuation techniques. The valuation techniques include the use of transactions with knowledgeable affiliates, performed by agreement of the parties at arm's length, if possible, by reference to another similar instrument, the analysis of discounted cash-flows.

As at 31 December 2019 and 2018, the carrying amounts of the financial instruments approximated their fair values as at the same dates.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

f) Equity management

Equity includes ordinary shares, equity attributable to the shareholders.

The main objective of the Company in terms of equity management is to ensure and maintain a favorable credit rating and performing equity ratios.

In terms of the indebtedness ratio, the Company aimed at not exceeding 50%.

	31 December 2019	31 December 2018
Total loans	1,933,333	5,066,538
Less: Cash and cash equivalents	(7,260,855)	(10,728,661)
Net liabilities/(assets)	(5,327,522)	(5,662,123)
Equity	53,907,333	51,481,163
TOTAL CAPITAL EMPLOYED	48,579,811	45,819,040
Indebtedness ratio	-10.97%	-12.36%

18. LOANS

Short-term loans

As at 31 December 2019, the company Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2019	Balance 31 December 2019
B. Transilvania	Short-term facilities	14.03.2014	07.04.2020	EURIBOR 3M + 2.5%	EUR	2,000,000	-	-
OTP Bank	Short-term facilities	13.03.2014	20.03.2020	ROBOR 3M + 2.3%	RON	3,000,000	-	-

The current portion of short-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2019	Balance 31 December 2019
OTP Bank		17.05.2016	28.12.2020	ROBOR 3M + 2.7%	RON	9,000,000	-	1,933,333
Total							-	1,933,333

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

18. LOANS (continued)

The Company has set in favor of Banca Transilvania Bank the following securities:

- a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- a security interest in personal property over the Company's accounts opened with Banca Transilvania Bank;
- a mortgage over all of the Company's present and future (trade) receivables;
- a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania Bank;
- a Corporate Guarantee issued by Alumil Industria Aluminiului S.A., Greece;

The Company has set in favor of OTP the following securities:

- a first rank mortgage on the land located in Filipestii de Padure;
- a mortgage on the equipment located in the factory from Filipestii de Padure and the assignment of the insurance policy in favor of the Bank;
- a mortgage over the Company accounts opened with OTP Bank S.A., both current accounts, and deposit accounts;
- a security interest in personal property over the cash receivables paid based on the insurance policies concluded by the borrower in relation to this loan contract.

As at 31 December 2018, the Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2018	Balance 31 December 2018
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2019	EURIBOR 3M + 3.5%	EUR	500,000	-	233,195
B. Transilvania	Short-term facilities	14.03.2014	01.04.2019	EURIBOR 3M + 2.5%	EUR	2,000,000	-	10
OTP Bank	Short-term facilities	13.03.2014	01.04.2019	ROBOR 3M + 2.3%	RON	3,000,000	-	-

The current portion of long-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2018	Balance 31 December 2018
OTP Bank		17.05.2016	14.05.2021	ROBOR 3M + 2.7%	RON	9,000,000	-	2,000,000
Total							-	2,233,205

Long-term loans

As at 31 December 2019

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2019	Balance 31 December 2019
OTP Bank	TM facility	17.05.2016	14.05.2021	ROBOR 3m + 3.25%	RON	9,000,000	-	2,833,333
Total								2,833,333

The balance of the medium-term loan from OTP Bank is RON 1,933,333 (2018: RON 4,833,333), out of which the current portion was disclosed under the section relating to short-term loans amounting to RON 1,933,333 (2018: RON 2,000,000).

18. LOANS (continued)

The investment facility granted by OTP Bank is secured by:

- A security interest in personal property over the accounts opened with the Bank;
- A first rank security interest in real property over the real estate property consisting in land with a total area 50,003 sq. m. located inside the built-up area of Filipești de Padure and the industrial hall having a total surface of 8,835 sq. m.;
- A security interest in personal property over the cash receivables paid based on the insurance policies concluded in relation to the loan contract;
- A corporate guarantee granted by the parent company.

As at 31 December 2018

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2018	Balance 31 December 2018
OTP Bank	TM facility	17.05.2016	14.05.2021	ROBOR 3m + 3.25%	RON	9,000,000	-	2,833,333
Total								2,833,333

19. INVESTMENT SUBSIDIES

The evolution of the investment subsidies as at 31 December 2019 and 2018 is shown below:

	2019	2018
As at 1 January	4,788,408	5,170,111
Subsidies recognized during the year	-	-
Depreciation in the profit and loss account during the year	(373,147)	(381,703)
Balance as at 31 December	4,415,261	4,788,408
Short-term portion	373,147	373,147
Long-term portion	4,042,114	4,415,261

Under the Financing Contract SOP IEC 154271/18.05.2011, the Company undertook the fulfillment of the indicators below:

Result indicators	Determined reference		Indicator value under the contract	
	value			
Description	Value	MU	Quantity	
Turnover increase compared to the 2013 balance sheet (%)	71,164,470	%		49%
Number of jobs created	N/A	No.		45
Number of jobs maintained (existing on the contract signing date)	166	No.		166
Increase in exports compared to the 2013 balance sheet (%)*	3,523,005	%		100 %

Under the above-mentioned Financing Contract, the Company is subject to a five year monitoring period starting the implementation finalization, i.e., 2018.

In 2019, the sustainability period ended and after the analysis of data and information presented in the Sustainability Report, as well as based on the conclusions of the monitoring mission, the project was closed without financial corrections.

20. LEASE LIABILITIES

As at 31 December 2019, the lease liabilities were as follows:

	31 December 2019
Long term	3,420,631
Current	1,204,199
Total lease liabilities	4,624,830

Lease liabilities maturity analysis

	31 December 2019
Not later than 1 year	1,204,199
Later than 1 year and not later than 5 years	3,420,631
Later than 5 years	-
Total lease liabilities	4,624,830

21. INCOME TAX

The current tax of the Company is determined based on the statutory income, adjusted with the non-deductible expenses and taxable revenues at a rate 16% for 2019 and 2018.

For 2019 and 2018, the income tax consists in:

	2019	2018
Current income tax charge	747,804	56,974
Deferred income tax expense /(credit)	159,366	(77,030)
Total income tax	907,170	(20,056)

The numerical reconciliation between the income tax expense and the result of the multiplication between the accounting result and the taxation percentage in effect is shown below:

	2019	2018
Result before tax – profit/(loss)	3,333,340	515,546
Income tax 16%	533,334	82,487
Effect of non-deductible expenses	373,836	(102,543)
Total income tax expense / (revenue)	907,170	(20,056)
Actual income tax rate	27.22%	-3.89%

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

The significant components of the deferred income tax payable included on the financial statements, in a rate 16%, are as follows:

	2019		2018	
	Cumulated temporary differences	Deferred income tax asset/ (liability)	Cumulated temporary differences	Deferred income tax asset/ (liability)
Non-current assets	(311,442)	(49,831)	(337,728)	(54,037)
Provisions for receivables	5,715,084	914,413	6,737,406	1,077,985
Total	5,403,642	864,582	6,399,678	1,023,948

The changes in deferred tax have been as follows:

	Deferred income tax - effect on the statement of financial position		Deferred income tax - effect on the statement of comprehensive income	
	2019	2018	2018	2018
Non-current assets	49,831	54,037	(4,206)	(9,088)
Provisions for receivables	(914,413)	(1,077,985)	163,572	(67,942)
Total	(864,582)	(1,023,948)	159,366	(77,030)

22. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables as at 31 December 2019 and 31 December 2018 are as follows:

	31 December 2018	31 December 2018
Suppliers	772,160	1,625,574
Advance payments from clients	545,755	518,834
Salaries	295,865	271,531
Taxes and duties on salaries	239,473	282,171
VAT payable	659,347	642,998
Dividends payable	699,556	724,826
Payables to affiliates	-	2,795,902
Other employee payables	97,293	60,886
Other	15,635	16,186
Total suppliers and other payables	3,325,084	6,938,908

The details on the balances of the payables to affiliates are presented in Note 32.

23. OPERATING INCOME

Operating income for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Sale revenues	67,964,133	95,014,289
Commercial discounts granted	(723,100)	(652,333)
Total sale revenues	67,241,033	94,361,956
Other operating income	1,332,850	839,303
Total operating income	68,573,883	95,201,259

Other operating income consists of:

	2019	2018
Subsidies received	373,147	381,703
Gain from sale of fixed assets	339,719	69,012
Others	619,984	388,588
Total other operating income	1,332,850	839,303

As detailed in Note 17 c), the Company has no client accounting for more than 10% of the sales or outstanding as at 31 December 2019 and 31 December 2018.

Operating income from subsidies received represent the financing transferred to income for the expenses made in 2019 and the financing reversed to income during the life of the equivalent value of the financing received under the financing contracts, as follows:

	2019	2018
Income from reversing investment subsidies		
Motor vehicles scrapping premium	6,500	6,500
Financing under SOP HRD 125/5.1/S/129742	47,307	55,863
Financing under SOP IEC 154271/18.05.2011	308,718	308,718
Financing under SOP HRD /106/5.1/G/76086	10,622	10,622
Income for financing expenses under SOP HRD 125/5.1/S/129742	-	-
Total operating income	373,147	381,703

24. COST OF SALES

The cost of sales for the years ended as of 31 December 2019 and 2018 is as follows:

	2019	2018
Cost of inventories	40,682,022	71,028,398
Wages	1,719,264	2,054,277
Salary contributions	102,512	118,025
Amortization	1,149,864	1,155,963
Utilities	510,285	426,940
Other expenses included in the cost of sales	1,049,990	657,078
Total cost of sales	45,213,937	75,440,681

In 2019, Other expenses included in the cost of sales comprise the management, insurance, security expenses, expenses with taxes and the expenses with the consumables related to the production activity of Filipești de Padure.

25. SALE AND DISTRIBUTION EXPENSES

For 2019 and 2018, the sale and distribution expenses consisted in:

	2019	2018
Wages	7,054,723	6,512,769
Salary contributions	296,705	277,177
Amortization	1,447,510	701,326
Rental fees	618,135	1,369,591
Advertising costs	442,425	341,680
Insurances	46,432	49,296
Other taxes and charges	191,772	231,737
Transport costs	1,459,902	1,439,658
Utilities	209,492	205,788
Other sale and distribution expenses	3,257,299	2,746,868
Total sale and distribution expenses	15,024,395	13,875,890

In 2019, sale and distribution expenses included the management, security expenses, expenses with consumables, and the provisions for clients and sundry debtors set in 2019 amounting to RON 301,708 (2018: RON 217,167). Details regarding the provisions for clients and sundry debtors are disclosed in Notes 13 and 14.

26. ADMINISTRATIVE EXPENSES

For 2019 and 2018, administrative expenses consisted in:

	2019	2018
Amortization	662,786	151,945
Wages	2,524,790	2,371,734
Salary contributions	82,940	76,003
Other third party suppliers	470,809	592,180
Rental fees	10,714	448,574
Insurances	1,663	8,080
Taxes and charges	16,988	28,991
Utilities	26,533	58,079
Other administrative expenses	1,089,815	1,353,372
Total administrative expenses	4,887,038	5,088,958

In 2019, Other administrative expenses include management, audit and security expenses.

27. DEPRECIATION AND AMORTIZATION EXPENSES

For 2019, the depreciation and amortization expenses consisted in:

	2019
Tangible assets depreciation	2,151,801
Intangible assets amortization	25,958
Right of use assets depreciation	1,082,402
Total salary expenses	3,260,161

28. INTEREST EXPENSES

For 2019, the interest expenses consisted in:

	2019
Interest expense on bank loans	247,831
Interest expense on lease liabilities	166,928
Other finance cost	83,939
Total interest expenses	498,698

29. SALARY EXPENSES

For 2019 and 2018, the salary expenses consisted in:

	2019	2018
Gross salaries related to the year	11,298,777	10,938,780
Social security expenses	67,110	60,619
Health insurance expenses	-	-
Unemployment fund contribution expenses	-	-
Labor security contribution	160,826	246,121
Other contributions	254,222	164,464
Total salary expenses	11,780,935	11,409,984

30. EMPLOYEES, ADMINISTRATORS AND DIRECTORS

As of 31 December 2019 and 31 December 2018, the employees' structure is as follows:

	2019	2018
Production	47	58
Sales & marketing	99	106
Administrative personnel	18	19
Total employees	164	183

Details on the members of the Board of Directors and the executive directors are presented in Note 32.

The Company has no payables to administrators or directors in the analyzed period. There were no advance payments or loans granted to administrators or directors.

31. DECLARED DIVIDENDS

	2019	2018
Dividends declared during the year	-	13,000,000

In the SGM of 25 April 2018, the distribution of dividends from the profit of 2017 and the retained earnings amounting to RON 13,000,000 were approved.

The Board of Administration's proposal for the appropriation of the profit for 2019 is to be subject to the approval of the SGM of 24 April 2020.

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

32. AFFILIATES

a) The main affiliates and a short description of their activity and of the major transactions with the Company during the years 2019 and 2018 are presented in the table below:

Entity name	Nature of the operations with the Company	Country of origin
Alumil EGE SA	Associate of the Company – Alumil Rom Industry (40.00%)	Turkey
Alumil MISR for Aluminium and Accesories Industry SA	Associate of the Company – Alumil Rom Industry (40.00%)	Egypt
Alumil Aluminium Industry SA	The parent-entity and the main provider of semi-manufactured goods	Greece
Alumil Industry SRL	Subsidiary of the parent-entity, Alumil Mylonas (70.00%)	Moldova
BMP Hellas SA	Subsidiary of the Company – LMG European Twchnologies LTD Cyprus (70.074%)	Greece
Alumil Zagreb DOO	Subsidiary of the Company – BH Aluminium DOO Bosnia (100%)	Croatia
BH Aluminium DOO	Subsidiary of the Company – ALPRO Vlasenica AD (100%)	Bosnia

Receivables from affiliates are the following:

	31 December 2019	31 December 2018
Clients		
Alumil Industry (Chisinau)	710,069	575,483
Alumil Aluminium Industry (Greece)	581,980	2,027,354
BMP Hellas (Greece)	-	18,558
Total	1,292,049	2,621,395

Payables to affiliates are the following:

	31 December 2019	31 December 2018
Alumil Aluminium Industry (Greece)	-	2,621,586
BMP Hellas SA	-	165,960
GA Plastics	-	8,356
Total	-	2,795,902

The Company had the following transactions with affiliates:

	2019			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	990,509	34,767,746	-	1,398,555
Alumil Industry (Chisinau)	995,752	-	-	-
Alumil Zagreb DOO	-	2,276	-	-
BH Aluminium DOO	-	1,064	-	-
BMP Hellas SA	-	637,337	-	-
	1,986,261	35,408,423	-	1,398,555

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019
(All amounts are expressed in RON, unless otherwise stated)

32. AFFILIATES (continued)

	2018			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	33,439,763	31,949,234	-	1,212,614
Aluminium Building Systems SA (Greece)	-	61,714	-	-
Alumil Industry (Chisinau)	829,601	-	-	-
BMP Hellas SA	-	1,073,424	-	-
GA Plastics	-	18,108	-	-
Alumil YU Serbia	-	1,760,382	-	-
	34,269,364	34,862,862	-	1,212,614

b) The current members of the Company's Board of Administration are the following:

No.	Name	Position	Date of appointment	Date of mandate expiry
1.	Michail Sotiriou	President of the Board of Directors	28.04.2018	27.04.2022
2.	Georgios Mylonas	Vice President of the Board	28.04.2018	27.04.2022
3.	Evangelia Mylona	Board member	28.04.2018	27.04.2022
4.	Marius Ionita	Board member/C.E.O.	28.04.2018	27.04.2022
5.	Georgios Doukidis	Board member	28.04.2018	27.04.2022

Mrs. Evangelia Mylona is the sister of Mr. Georgios Mylonas, President of the parent entity's Board of Administration Alumil Milonas Industria Aluminului SA Greece.

Administrators' investments in the parent entity's capital are the following:

No.	Name	Position	No. of shares held	% prior to IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Georgios Mylonas	Vice President of the Board	5,000	0.02%	0.02%
3.	Evangelia Mylona	Board member	5,000	0.02%	0.02%
4.	Marius Ionita	Board member/C.E.O.	600	0.00%	0.00%
5.	Georgios Doukidis	Board member	-	-	-

c) The performance of the daily operations of Alumil Rom Industry S.A. is entrusted to the following directors:

- Ionita Marius – C.E.O.
- Duca Vitalie – Commercial Director
- Balasca Ciprian – C.F.O.

The executive management's participation in the Company's capital as of 31 December 2018 is the following:

No.	Name	Position	No. of shares held
1.	Ciprian Balasca	C.F.O.	1,000
2.	Marius Ionita	C.E.O.	600
3.	Vitalie Duca	Commercial Director	600

In 2019, the expense with the remuneration of the executive management and of the directors amounted to RON 1,664,451 (2018: RON 1,600,426).

32. AFFILIATES (continued)

d) The conditions and terms of transactions with affiliates:

Overdue balances are not secured, non-interest bearing and discounts take place in cash. No guarantees were set and no guarantees were received for the receivables or payables from/to affiliates.

33. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS

The Company did not set any provisions as of 31 December 2019 and 2018.

The Romanian tax system is in process of consolidation and harmonization with the European legislation and different interpretations may exist by authorities concerning the tax legislation, which may generate additional taxes, charges and penalties. If the state authorities discover breaches of the Romanian legal provisions, these may lead, as applicable, to the confiscation of the amounts in case, imposing additional tax obligations, applying fines, applying late payment penalties (applied to the amounts actually payable). Consequently, the tax sanctions resulted from breaches of the legal provisions can be significant amounts payable to the State.

The Company considers it has registered and presented in the financial statements all its tax obligations. In Romania, the tax position is open to further verification for 5 years.

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness. The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility. The project, implemented in Filipestii de Padure, Minieri village no. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

By the financing contract mentioned above, the Company was in the monitoring period for 5 years from the date of implementation completion, respectively 2018.

In 2019, the sustainability period of the project was finalized and based on the data and information presented in the Sustainability Report, as well as on the conclusions of the monitoring mission, the project was closed without financial adjustments.

The Company does not have any commitments concerning tangible and intangible assets as of 31 December 2019 and 31 December 2018.

The Company is a part of operating lease agreements for cars, on 1 to 4 year periods.

The minimum payments under the operating lease agreements are as follows:

	31 December 2019	31 December 2018
Below one year	211,081	275,175
Between one to two years	193,500	26,904
Between two to three years	188,170	-
Between three to four years	156,809	-
Between four to five years	-	-
Over five years	-	-
Total	749,560	302,079

33. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS (continued)

The Company is a party to rent agreements for commercial areas, signed for 1 to 3 year periods. The Company has the option, according to certain agreements, to extend the rent agreement by another year.

The minimum payments according to rent agreements for commercial areas are as follows:

	31 December 2019	31 December 2018
Below one year	204,003	1,552,291
One to five years	118,755	4,857,591
Total	322,758	6,409,872

Starting with 2019, the Company applies IFRS 16 *Lease agreements* (Note 9). This standards treats all lease commitments (finance or operating) as conferring the right of use on the leased assets, except those with small value or leased for a period of 12 months or less, in exchange for subsequent payments.

34. SUBSEQUENT EVENTS

- In March 2019, the Board of Directors decided to close the working point located in Ploiesti. The decision was made with the purpose of optimization of distribution network taking into account the consolidation degree of the market, the operations with customers of Ploiesti being taken over by the National distribution point from Filipestii de Padure, situated at only 30 km from Ploiesti.
- In March 2020 the addendum will be signed for the extension of the short-term loan from OTP Bank, for a period of 12 months, for the amount of RON 3,000,000 in order to fund the current activity (Interest: ROBOR 3 M + 2.3%).

The loan reimbursement is guaranteed by the Company, as follows:

- a) a first degree mortgage over the land from Filipestii de Padure and the assignment of the insurance policy;
- b) a mortgage over the Company's accounts opened with Millennium S.A. Bank, both current accounts and deposit accounts;
- c) a security interest in personal property over the monetary receivables paid for on the grounds of all the insurance policies concluded by the debtor in relation to the present loan contract.
- In April 2020 the addendum will be signed for the extension of the short-term loan from Banca Transilvania S.A., for a period of 1 year, for the amount of EUR 2,000,000 for working capital and letter of guarantee issue cap in order to fund the current activity (EURIBOR 3 M + 2.5%).

34. SUBSEQUENT EVENTS (continued)

The loan reimbursement is guaranteed by the Company, as follows:

- a) a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- b) a security interest in personal property over the Company's accounts opened with Banca Transilvania S.A.;
- c) mortgage over all of the Company's present and future (trade) receivables;
- d) a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania S.A.;
- e) Corporate Guarantee issued by Alumil Industria Aluminiului SA, Greece, in a layout accepted by the Bank.

These financial statements together with the explanatory notes were approved by the Board of Administration and signed on its behalf on 19 March 2020.

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.