

# **ALUMIL ROM INDUSTRY S.A.**

## **SEPARATE FINANCIAL STATEMENTS**

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

**31 DECEMBER 2018**

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## **ANNUAL REPORT OF THE ADMINISTRATOR REGARDING THE FINANCIAL YEAR 2018**

**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 INDUTRY 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.

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.

### **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.

## **1. Analysis of the company activity (continued)**

### **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 Filipeştii de Pădure, 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.

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.

## **1. Analysis of the company activity (continued)**

### **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
- J-Bond / Outdoor decorative panels
- Polycarbonates

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

#### **I. Opening window systems**

- a) Without thermal break (3, 4, 5, 6 compartments): M940 Mini, M9300 Perfect, M9400 Softline, M15000 Prestige
- b) With thermal break: M9650 Alutherm Light, M11000 Alutherm Plus, M11500 Alutherm Super Plus, M11600 Alutherm Extra, M20000 Apollo Alutherm, M23000 Forestal

#### **II. Sliding window systems**

- a) Sliding windows without thermal break: M900 Aero, M9000 Slide, M12000 Premier, M14000 DeLuxe, M14500 DeLuxe Light
- b) Sliding windows with thermal break: S200 Exclusive Alutherm, S300 DeLuxe Alutherm, M300 Falcon Alutherm, S400 Premier Alutherm

#### **III. Curtain wall systems**

The series M1 Solar Standard, M2 Solar Linear, M3(T) Solar Semistructural, M4(T) Solar Structural, M5 Solar ECO, M6 Solar Standard Plus, M50 Solar Standard Light

#### **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	2017
a)	Net profit	RON	535,602	12,647,642
b)	Turnover	RON	94,361,956	69,222,577
c)	Exportation	RON	34,339,693	8,403,031
d)	Cash and cash equivalents	RON	10,728,661	9,765,484

### 1.1.2 Storage capacity

ALUMIL ROM INDUSTRY S.A. has a storage total area of 27,810 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	Bistrita	500	-	500	Rented
5	Brasov	450	-	450	Rented
6	Bucharest	1,109	-	1,109	Rented
7	Cluj	684	-	684	Rented
8	Constanta	309	-	309	Rented
9	Craiova	200	-	200	Rented
10	Galati	620	122	742	Owned
11	Iasi	349	-	349	Rented
12	Pitesti	320	-	320	Rented
13	Ploiesti	330	-	330	Rented
14	Slatina	500	-	500	Rented
15	Tg Mures	460	-	460	Rented
16	Timisoara	288	192	480	Rented
17	Filipestii de Padure	8,135	41,868	50,003	Owned
18	Filipestii de Padure	9,262	984	10,246	Owned
20	Filipestii de Padure	3,081	8,915	11,996	Owned
	<b>Total</b>	<b>27,810</b>	<b>52,081</b>	<b>79,891</b>	

## **1. Analysis of the company activity (continued)**

### **1.1.3 New products introduced in 2018**

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. **M 50 ENERGY** – a curtain wall system with thermal break and a high heat transfer coefficient, certified by IFT Rosenheim;
2. **S5660 PERGOLA** – system intended for performing the pergola-type shadowing applications;
3. **M8200 GLASS RAILINGS** – Premium handrail system, that can include 21.52 mm and 17.52 mm glass;
4. **SMART95 RESIDENTIAL EXTERIOR DOORS** - a full range of high quality residential exterior doors, available in 3 versions of construction, IG (in boxes), HS (half structural) and DS (double structural) and a wide range of designs and finishing;
5. **S77 SUPREME** – swinging thermal break joinery, with excellent thermal and air and water proofing performance features. The system was certified by IFT Rosenheim embellished including by UbATC (Belgium);
6. **S440** - an increased thermal efficiency sliding system intended for use in medium-sized sliding typologies, designed to meet the requirements of modern architecture in terms of thermal comfort and minimalist design. The system was tested and certified by IFT Rosenheim;
7. **S560** – a lift & slide joinery system intended for obtaining sliding by lifting features, with large and very large sizes (can withstand window frames of up to 300 kg). The system was tested and certified by IFT Rosenheim;
8. **ALUMIL by Hoppe** - own range of handles for windows, doors, SENKKlappe and Lift & Slide openings, produced for ALUMIL by the well-known German company Hoppe;
9. **S91** – certified system for case passive;
10. **M8250 Juliet** – French balcony system;
11. **ZEN** exterior residential doors;
12. **M9660** – roto-sliding system compliant with the national requirements for thermal rehabilitation;
13. **M7** – advanced curtain wall system.

In 2018, we continued promoting the systems mentioned above and added new groups of products to the portfolio:

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;  
SD85 – 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;  
SD115PIVOT – system dedicated to the realization of swivel access doors with exceptional security features, tightness and thermal insulation, allowing the realization of doors with structural and semi-structural typologies;



## 1. Analysis of the company activity (continued)

### 2. SMARTIA Range:

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;

### 3. OUTDOORS Range:

FC50 – aluminum fences and fencing systems;

M8200 – glass railing system;

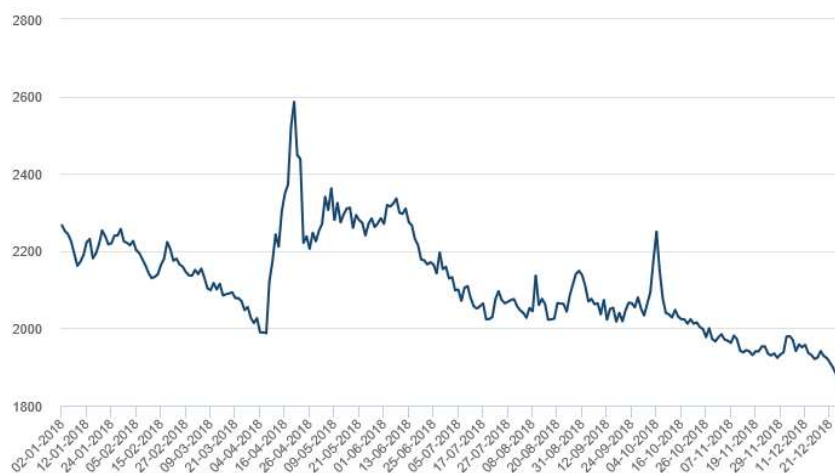
PG120F – fixed aluminum pergola system;

PG120P - bioclimatic pergola system with rotating blades and the possibility of integration of led lighting, ZIP screen shading systems, infrared heating systems or even Bluetooth-connected sound systems.

## 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 2018, the price of Aluminum on London Metal Exchange (LME) had a fluctuating evolution, the year starting with quotes around USD 2,200/ton, reaching a maximum level of USD 2,600 USD/ton in April, while the average quote close to year end reached values around USD 2,000/ton.



Source: LME.com

## **1. Analysis of the company activity (continued)**

### **1.1.5 Evaluation of the sale activity**

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

The financial data for 2018 indicate a turnover earned of RON 94,361,956, increasing by 36.3% as compared to 2017. The quality of the products, the customer proximity and the ability to rapidly deliver painted profiles are the factors that have led to continued leadership in the market in the framework of a difficult year.

	<b>2018</b>	<b>2017</b>
Sales (RON)	94,361,956	69,222,577
Variation compared to the previous year	36.30 %	19.50 %

*Source: Alumil management reporting - financial statements*

In 2018 about 63.6% of the turnover was achieved on the domestic market, and the difference of 36.4% 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.

#### **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 (~ 70% of the value) and of Aluminum (more than 25%), 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 2018 it has maintained and even strengthened its market leadership by an estimated share of about 30-35%.

#### **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 2017, the top ten clients accounted for 22.5% of the total sales, and this weight decreased in 2018 when the top ten customers accounted for approximately 14.9% 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**

The increased activity of the Company in recent years has been translated into the increasing number of employees during the period 2003-2008, both those involved in production and those involved in sales. In 2018, the average number of employees was 181, registering a slight increase compared to 2017. If in December 2017 the number of employees was 194, in December 2018 the number of employees decreased with 5.6%, to 183.

#### **The evolution of the average number of employees:**

	<b>2017</b>	<b>2017</b>
Average number of employees	181	178
Change percentage during the period	1.69%	0.00%

*Source: Management reporting – consolidated statements.*

## **1. Analysis of the company activity (continued)**

### **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.

### **1.1.8 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 2018, the balance of short-term loans contracted by the Company was RON 2,233,205 (2017: RON 3,779,408), and of long-term loans was RON 2,833,333 (2017: RON 4,833,333). 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. Analysis of the company activity (continued)**

### **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, 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.

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.

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.

## 1. Analysis of the company activity (continued)

### 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.

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 2018 there were endownments of warehouses and office spaces of RON 1,108,950, measurement and control equipment amounting to RON 2,647, equipment amounting to RON 37,095, 5 furniture for office headquarters amounting to RON 177,826 and IT equipment amounting to RON 85,431 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 2018 and 2017.

	2018	2017
Retained earnings	978,684	1,331,042
Retained earnings from first-time adoption of IAS 29	6,458,159	6,458,159
Net profit	535,602	12,647,642
Dividends proposes	-	-
Level of appropriation of profit/retained earnings	0%	0%

Source: Company.

\* For 2018, the profit appropriation proposition will be subject to the approval of the SGM of 19 April 2019.

### 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 Bulgaria Ltd.	Subsidiary of the parent, Alumil Mylonas (99.87%)	Bulgaria
Alpro Vlasenica AD.	Subsidiary of the parent, Alumil Mylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent, Alumil Mylonas (98.50%)	Serbia

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

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. Financial and accounting statement

##### Assets and liabilities during 2018 - 2017

RON

Balance sheet items	2018	2017
<b>Non-current assets</b>	<b>29,264,524</b>	<b>29,774,916</b>
Intangible assets	67,663	125,289
Tangible assets	24,065,045	24,629,632
Financial assets	4,107,868	4,073,077
Deferred tax asset	1,023,948	946,918
<b>Current assets</b>	<b>39,061,864</b>	<b>57,081,450</b>
Inventories	14,281,550	13,150,711
Receivables	14,051,653	34,165,255
Petty cash and bank accounts	10,728,661	9,765,484
<b>TOTAL ASSETS</b>	<b>68,326,388</b>	<b>86,856,366</b>
Equity	51,481,163	63,945,561
Long-term liabilities	7,621,741	10,003,444
Current liabilities	9,223,484	12,907,361
<b>TOTAL LIABILITIES</b>	<b>68,326,388</b>	<b>86,856,366</b>

##### Profit and loss statement for 2018 - 2017

RON

	2018	2017
Sale revenues	94,361.956	69,222.577
Cost of sales	(75,440.681)	(49,601.204)
<b>Gross margin</b>	<b>18,921,275</b>	<b>19,621,373</b>
Other operating income	839,303	13,705,704
Sale and distribution expenses	(13,875,890)	(14,173,049)
Administrative expenses	(5,088,958)	(4,408,454)
<b>Operating profit</b>	<b>795,730</b>	<b>14,745,574</b>
Interest and related income	38,522	12,917
Interest expense	(371,928)	(422,587)
Foreign exchange gains/(losses)	53,222	(44,031)
<b>Profit before tax</b>	<b>515,546</b>	<b>14,291,873</b>
Current income tax charge	(56,974)	(2,738,011)
Deferred income tax	77,030	1,093,780
<b>Net profit for the year</b>	<b>535,602</b>	<b>12,647,642</b>
<b>Earnings per share</b>	<b>0.0171</b>	<b>0.4047</b>

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 2018.

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby confirms the following concerning the annual financial statements as at 31 December 2018:

- 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 2018, 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 51,481,163
  - Result for the year (profit): RON 535,602
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 2018 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 34.6% of the total current assets) and due to the uncertainties regarding the estimations for determination of the allowance adjustment.

As of 31 December 2018 the Company has receivables amounting to RON 23,132,767 (before the allowance adjustment of RON 9,624,865). 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 12 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 2018, 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 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 its 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 rare 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 2018;
- 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,

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

*On behalf of:*

**Accordserve Advisory SRL**

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

Bucharest, Romania  
14 March 2019

**ALUMIL ROM INDUSTRY S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2018**  
*(All amounts are expressed in RON, unless otherwise stated)*

	Notes	2018	2017
<b>Net revenue</b>	<b>21</b>	<b>94,361,956</b>	<b>69,222,577</b>
Cost of sales	<b>22</b>	(75,440,681)	(49,601,204)
<b>Gross margin</b>		<b>18,921,275</b>	<b>19,621,373</b>
Other operating income	<b>21</b>	839,303	13,705,704
Sale and distribution expenses	<b>23</b>	(13,875,890)	(14,173,049)
Administrative expenses	<b>24</b>	(5,088,958)	(4,408,454)
<b>Operating profit</b>		<b>795,730</b>	<b>14,745,574</b>
Interest income		38,522	12,917
Interest expense		(371,928)	(422,587)
Foreign exchange gains/(losses)		53,222	(44,031)
<b>Profit before tax</b>		<b>515,546</b>	<b>14,291,873</b>
Current income tax charge	<b>19</b>	(56,974)	(2,738,011)
Deferred income tax	<b>19</b>	77,030	1,093,780
<b>Net profit for the year</b>		<b>535,602</b>	<b>12,647,642</b>
Other comprehensive income		-	-
<b>Comprehensive income for the year</b>		<b>535,602</b>	<b>12,647,642</b>
<b>Earnings per share</b>		<b>0.0171</b>	<b>0.4047</b>

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 2018**  
*(All amounts are expressed in RON, unless otherwise stated)*

	Notes	31 December 2018	31 December 2017
<b>Non-current assets</b>			
Intangible non-current assets	8	67,663	125,289
Tangible non-current assets	7	24,065,045	24,629,632
Shares in affiliates	9	4,044,132	4,054,472
Long-term receivables	10	63,736	18,605
Deferred tax asset	19	1,023,948	946,918
<b>Total non-current assets</b>		<b>29,264,524</b>	<b>29,774,916</b>
<b>Current assets</b>			
Inventories	11	14,281,550	13,150,711
Receivables	12	13,507,902	15,475,658
Other receivables and prepayments	13	543,751	18,689,597
Cash and cash equivalents	14	10,728,661	9,765,484
<b>Total current assets</b>		<b>39,061,864</b>	<b>57,081,450</b>
<b>TOTAL ASSETS</b>		<b>68,326,388</b>	<b>86,856,366</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
Capital	15	10,337,676	10,337,676
Share premiums		26,693,396	26,693,396
Retained earnings		7,972,445	20,436,843
Reserves		6,477,646	6,477,646
<b>Total equity</b>		<b>51,481,163</b>	<b>63,945,561</b>
<b>Long-term liabilities</b>			
Long-term loans	17	2,833,333	4,833,333
Investment subsidies	18	4,788,408	5,170,111
Deferred income tax	19	-	-
<b>Total long-term liabilities</b>		<b>7,621,741</b>	<b>10,003,444</b>
<b>Current liabilities</b>			
Suppliers and other payables	20	6,938,908	7,233,556
Short-term loans	17	2,233,205	3,779,408
Provisions		-	-
Current income tax payable		51,371	1,894,397
<b>Total current liabilities</b>		<b>9,223,484</b>	<b>12,907,361</b>
<b>LIABILITIES AND EQUITY - TOTAL</b>		<b>68,326,388</b>	<b>86,856,366</b>

These financial statements and the accompanying notes were approved by the Board of Directors and signed on their behalf on 14 March 2019.

\_\_\_\_\_  
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 2018**  
*(All amounts are expressed in RON, unless otherwise stated)*

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	<b>Capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>1 January 2017</b>	<b>10,337,676</b>	<b>26,693,396</b>	<b>6,477,646</b>	<b>7,789,201</b>	<b>51,297,919</b>
Dividends distributed	-	-	-	-	-
Profit for 2017	-	-	-	12,647,642	12,647,642
<b>31 December 2017</b>	<b>10,337,676</b>	<b>26,693,396</b>	<b>6,477,646</b>	<b>20,436,843</b>	<b>63,945,561</b>
Dividends distributed	-	-	-	(13,000,000)	(13,000,000)
Profit for 2017	-	-	-	535,602	535,602
<b>31 December 2017</b>	<b>10,337,676</b>	<b>26,693,396</b>	<b>6,477,646</b>	<b>7,972,445</b>	<b>51,481,163</b>

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 2018 (31 December 2017: 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 2018**  
*(All amounts are expressed in RON, unless otherwise stated)*

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>515,546</b>	<b>14,291,873</b>
<b>Adjustments for monetary items:</b>		
Amortization expenses 7,8	2,009,235	2,459,945
Setting /(reversal) of provisions for doubtful customers and inventories	49,394	255,168
Setting /(reversal) of provisions, net	(924,199)	849,998
(Profit) /loss from sale of tangible assets	(69,012)	(13,056,307)
Revenues from reversal of investment subsidies	(381,703)	(388,085)
Interest (income)/expenses - net	333,406	409,670
<b>Operating income before other changes in working capital</b>	<b>1,532,667</b>	<b>4,822,262</b>
(Increases)/Decreases in trade and other receivables	20,180,488	(3,553,369)
(Increase)/decrease in inventories	(1,281,910)	(2,774,782)
Increases/(decreases) in suppliers and other payables	629,550	(379,486)
<b>Net cash after changes in working capital</b>	<b>21,060,795</b>	<b>(1,885,375)</b>
Income tax paid	(1,900,000)	(863,000)
Interest paid	(371,928)	(422,587)
<b>Net cash generated from / (used in) operating activities</b>	<b>18,788,867</b>	<b>(3,170,962)</b>
<b>Net cash flows from investment</b>		
Purchases of tangible, intangible and financial assets 7,9	(1,318,010)	(644,081)
Receipts from the sale of tangible assets	-	7,020,076
Interest received	38,522	12,917
<b>Net cash generated from / (used in) investment</b>	<b>(1,279,488)</b>	<b>6,388,912</b>
<b>Cash flows from finance activities</b>		
Dividends paid	(13,000,000)	-
Loans received 17	-	-
Loans reimbursement 17	(3,546,202)	(6,040,601)
<b>Net cash (used in) finance activities</b>	<b>(16,546,202)</b>	<b>(6,040,601)</b>
Increase/(decrease) in cash and cash equivalents	963,177	(2,822,651)
<b>Cash and cash equivalents at beginning of period</b>	<b>9,765,484</b>	<b>12,588,135</b>
<b>Cash and cash equivalents at the end of period</b>	<b>10,728,661</b>	<b>9,765,484</b>

## **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.

Starting 2007, the Company also prepared consolidated financial statements according to IFRS as adopted by the EU, which are available on the Company website [www.alumil.com/ro](http://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 2017:

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management has assessed the standard's impact and considers it will have a limited impact on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 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 standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. Management has assessed the standard's impact and considers it will not have a significant impact on the financial statements.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. Management has assessed the standard's impact and considers it will not have a significant impact on the financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transaction (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Management has assessed that these Amendments will not have a significant impact on the financial statements.

- **IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)**

The Amendments became effective for annual periods beginning on or after 1 January 2018 and they should not be applied retrospectively. The Amendments addresses concerns arising from implementing IFRS 9 before implementing the standard which is currently developed by IASB to replace IFRS 4. The Amendments introduce two options. One option is the temporary exemption from applying IFRS 9, postponing its application for certain insurers.

The other option is an overlay approach of presentation to alleviate the volatility which may appear when IFRS 9 is applied before the future standard for insurance contracts. Management has assessed that these Amendments will not have a significant impact on the financial statements.

#### **4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

- **IAS 40 Investment Property (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018.

The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the criteria from the definition of investment property and there is evidence of the change in use. A mere change of management's intentions for the use of property does not provide evidence of a change in use. Entities should apply the Amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the Amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. The Amendments will eliminate the diversity in practice. Management has assessed that these Amendments will not have a significant impact on the financial statements.

- **IFRIC 22 Interpretation: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation addresses transactions in foreign currency for which the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income. The Interpretation provides that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established by the entity for each payment or receipt. Management has assessed that this adoption will not have a significant impact on the financial statements.

- **IASB has issued the Annual improvements to IFRSs – 2014 - 2016 Cycle**, which is a collection of amendments to IFRS. The amendments effective for annual periods beginning on or after 1 January 2018 are:

- *IFRS 1 First-time Adoption of International Financial reporting Standards – deletion of short-time exemption for first-time adopters* – short-time exemptions in paragraphs E3-E7 were deleted because they have now served their intended purpose; the amendment is effective from 1 January 2018;
- *IAS 28 Investments in Associates and Joint Ventures* – clarify that valuation of investments at fair value through the profit and loss account is an election made separately for each investment; the amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted.

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

#### **Standards issued but not yet effective and not early adopted**

- **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.

#### **4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

The standard is effective from 1 January 2019. Management is in process of assessing the impact of this new standard on the financial statements.

- **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 determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

Management has not assessed yet the impact of this new interpretation on the financial statements.

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

The amendments become 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 an 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 normally 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 has not assessed yet the impact of these amendments on the financial statements.

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

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

- **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 2018 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 become 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 become 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 become 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 become effective on 1 January 2019 and early application is permitted;

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

- **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 will not have a significant impact on the financial statements when applied for first time.

## **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)**

<b>Category</b>	<b>Useful live (years)</b>
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 IAS 39 *Financial Instruments: Recognition and Measurement*, the Company's financial assets classified as: loans and receivables. The investments with fixed or determinable payments and fixed maturity, other than loans or receivables generated by the Company, are classified as held to maturity.

These financial assets are recognized initially at fair value plus the transaction costs directly attributable

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.

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.

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.

## **5. SUMMARY OF ACCOUNTING POLICIES (continued)**

### ***h) Financial liabilities***

In accordance with IAS 39 Financial Instruments: *Recognition and Measurement*, the Company's financial assets 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.

### ***i) Operating lease***

Rental payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

### ***j) 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 2017 and 2016 are detailed below:

<b>Currency</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
RON/EUR	4.6639	4.6597
RON/USD	4.0736	3.8915

### ***k) 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.

**5. SUMMARY OF ACCOUNTING POLICIES (continued)**

***l) 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.

***m) 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.

***n) 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.

***o) 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.

***p) 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.

***q) Employee benefits***

***Short-term benefits:***

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

## **5. SUMMARY OF ACCOUNTING POLICIES (continued)**

### **q) Employee benefits (continued)**

#### ***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.

### **r) 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.

## **5. SUMMARY OF ACCOUNTING POLICIES (continued)**

### **s) 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.

### **t) Revenue recognition**

The revenue is recognized when it is probable that economic benefits related to the transaction will flow to the Company and the revenue can be reliably measured.

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.

### **u) 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 16. 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.

**5. SUMMARY OF ACCOUNTING POLICIES (continued)**

**v) 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.

**w) 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.

**x) 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.

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.

**y) 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:

<b>Product category</b>	<b>2018</b>	<b>2017</b>
Profiles	43,053,613	43,921,064
Accessories	15,495,756	16,309,576
Composite Aluminum panels	1,346,936	1,063,510
Aluminum Bars	32,680,150	5,654,652
Systems for automation applications	308,639	474,308
Painting services, waste, and other	1,476,862	1,799,467
<b>Total</b>	<b>94,361,956</b>	<b>69,222,577</b>

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

<b>Market</b>	<b>2018</b>	<b>2017</b>
Domestic	60,022,263	60,819,546
Foreign	34,339,693	8,403,031
<b>Total</b>	<b>94,361,956</b>	<b>69,222,577</b>

## 7. TANGIBLE ASSETS - NET

As at 31 December 2018 and 2017, the tangible assets – net, are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Land and buildings	17,342,314	16,791,600
Equipment and motor vehicles	6,149,801	7,331,387
Furniture	572,930	430,527
Advances and tangible assets in progress	-	76,118
<b>Total tangible assets</b>	<b>24,065,045</b>	<b>24,629,632</b>



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**7. TANGIBLE ASSETS – NET (continued)**

The evolution of the tangible assets during the period 31 December 2017 to 31 December 2018 is shown below:

	Land and buildings	Tools and motor vehicles	Furniture	Advances and tangible assets in progress	Total
<b>Cost</b>					
<b>01 January 2017</b>	<b>35,078,125</b>	<b>21,330,180</b>	<b>1,949,114</b>	<b>201,750</b>	<b>58,559,169</b>
Additions 2017	-	243,127	55,547	100,586	399,260
Disposals 2017	(15,754,422)	(134,468)	(40,592)	-	(15,929,482)
Transfers 2017	-	187,769	31,944	(226,218)	(6,505)
<b>31 December 2017</b>	<b>19,323,703</b>	<b>21,626,608</b>	<b>1,996,013</b>	<b>76,118</b>	<b>43,022,442</b>
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)	-
<b>31 December 2018</b>	<b>20,432,653</b>	<b>20,834,005</b>	<b>2,243,572</b>	<b>-</b>	<b>43,510,230</b>
<b>Accumulated depreciation</b>					
<b>01 January 2017</b>	<b>6,859,097</b>	<b>13,178,653</b>	<b>1,490,692</b>	<b>-</b>	<b>21,528,442</b>
Expense for 2017	1,041,932	1,199,616	114,028	-	2,355,576
Accumulated depreciation related to disposals 2017	(5,368,926)	(83,048)	(39,234)	-	(5,491,208)
<b>31 December 2017</b>	<b>2,532,103</b>	<b>14,295,221</b>	<b>1,565,486</b>	<b>-</b>	<b>13,892,810</b>
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)
<b>31 December 2018</b>	<b>3,090,339</b>	<b>14,684,204</b>	<b>1,670,642</b>	<b>-</b>	<b>19,445,185</b>
<b>Remaining value</b>					
<b>31 December 2017</b>	<b>16,791,600</b>	<b>7,331,387</b>	<b>430,527</b>	<b>76,118</b>	<b>24,629,632</b>
<b>31 December 2018</b>	<b>17,342,314</b>	<b>6,149,801</b>	<b>572,930</b>	<b>-</b>	<b>24,065,045</b>

As at 31 December 2018, the Company records no fixed assets based on financial lease contracts.

As at 31 December 2018 and 31 December 2017, the Company management verified whether indication that assets may be impaired exists and concluded no such indication, from external or internal sources, existed.

*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 2017 and 2018, no interest was capitalized. The non-amortized value of the investment as at 31 December 2018 is RON 15,233,083 (31 December 2017: RON 16,173,033). Details on the pledged fixed assets are presented in Note 17. The net value of the non-current assets set as guarantees as of 31 December 2018 is of RON 15,000,093 (31 December 2017: 15,885,528).

The gross value of the fixed assets fully depreciated as of 31 December 2018 is of RON 16,892,083 (31 December 2017: RON 16,339,810).

## 8. INTANGIBLE ASSETS - NET

As at 31 December 2018 and 2017, the intangible assets include:

	31 December 2018	31 December 2017
Software	30,352	105,860
Advances and intangible assets in progress	37,311	19,429
<b>Total intangibles</b>	<b>67,663</b>	<b>125,289</b>

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

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

	Software	Other intangible assets	Advances and intangible assets in progress	Total
<b><u>Cost</u></b>				
<b>01 January 2017</b>	<b>5,680,540</b>	-	-	<b>5,680,540</b>
Additions 2017	5,679	-	19,429	25,108
Disposals 2017	-	-	-	-
Transfers 2017	-	-	-	-
<b>31 December 2017</b>	<b>5,686,219</b>	-	<b>19,429</b>	<b>5,705,648</b>
Additions 2018	15,597	-	38,243	25,108
Disposals 2018	-	-	-	-
Transfers 2018	20,361	-	(20,361)	-
<b>31 December 2018</b>	<b>5,722,177</b>	-	<b>37,311</b>	<b>5,705,648</b>
<b><u>Accumulated amortization</u></b>				
<b>01 January 2017</b>	<b>5,475,990</b>	-	-	<b>5,475,990</b>
Expense for 2017	104,369	-	-	104,369
Disposals 2017	-	-	-	-
<b>31 December 2017</b>	<b>5,580,359</b>	-	-	<b>5,580,359</b>
Expense for 2018	111,466	-	-	111,466
Disposals 2018	-	-	-	-
<b>31 December 2018</b>	<b>5,691,825</b>	-	-	<b>5,691,825</b>
<b><u>Remaining value</u></b>				
<b>31 December 2017</b>	<b>105,860</b>	-	<b>19,429</b>	<b>125,289</b>
<b>31 December 2018</b>	<b>30,352</b>	-	<b>37,311</b>	<b>67,663</b>

During the year, software was acquired: Windows XP.

As at 31 December 2018 and 31 December 2017 no indication of impairment for intangible assets was identified.

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**9. SHARES IN AFFILIATES**

	<b>31 December 2018</b>	<b>31 December 2017</b>
Shares in Alumil Extrusion SRL	-	82,500
Shares in Alumil EGE SA Turcia	1,096,812	1,107,152
Shares in Alumil MISR Egypt	2,947,320	2,947,320
Impairment adjustments	-	(82,500)
<b>Total shares in affiliates</b>	<b><u>4,044,132</u></b>	<b><u>4,054,472</u></b>

ALUMIL ROM INDUSTRY S.A. held 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipeștii de Pădure, Dîtești 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 ("ALUMİL 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 ALUMİL EGE's shares. As at 31 December 2018, the net asset of ALUMİL EGE is RON 4,492,073, the equivalent of TRY 5,833,861 (2017: RON 7,757,893, the equivalent value of TRY 7,526,089). As part of the economic activity performed in 2018, the Company's turnover was of TRY 14,325,870, the equivalent of RON 11,030,920, obtaining net loss of TRY 584,948, the equivalent of RON 373,410.

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. During the financial years 2017 and 2018, the Company performed no commercial activities, the only transactions relating its establishment.

## 10. LONG-TERM RECEIVABLES

As at 31 December 2018 and 2017, the long-term receivables are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Guarantees for rent	58,324	13,193
Other long-term receivables	5,412	5,412
<b>Long-term receivables – total</b>	<b>63,736</b>	<b>18,605</b>

As at 31 December 2018, the long-term receivables mainly comprise guarantees for the locations rented: RON 58,324 (31 December 2017: 13,193) and other guarantees: RON 5,412 (31 December 2017: RON 5,412).

## 11. INVENTORIES

	<b>31 December 2018</b>	<b>31 December 2017</b>
Raw materials and materials at cost and spare parts	2,723,403	3,657,306
Finished goods and merchandise at cost	13,601,000	11,394,201
Work in-progress	16,192	7,176
Impairment adjustments	(2,059,045)	(1,907,972)
<b>Total inventories, net</b>	<b>14,281,550</b>	<b>13,150,711</b>

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 2018 is RON 70,865,654 (2017: RON 44,947,233), 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:

	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Balance as at 31 December</b>	<b>1,907,972</b>	<b>1,810,179</b>
Provisions set during the year	162,744	98,129
Provisions reversed during the year	(11,671)	(336)
<b>Balance as at 31 December</b>	<b>2,059,045</b>	<b>1,907,972</b>

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 2018, the value of inventories pledged as part of the short-term loan contracted by Banca Transilvania S.A. (**Note 17**) for a period of 1 year amounts to RON 14,281,550 (2017: RON 13,150,711).

## **12. RECEIVABLES**

As at 31 December 2018 and 2017, the receivables were as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Outstanding receivables from customers	13,346,535	14,546,055
Receivables outstanding, but for which no provision was set	161,367	929,603
Receivables outstanding, and for which provisions were set	9,624,865	9,717,095
Provisions	(9,624,865)	(9,717,095)
<b>Total receivables</b>	<b>13,507,902</b>	<b>15,475,658</b>

As at 31 December 2018 and 2017, the statement of the age of outstanding receivables for which no provision was set is as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Outstanding one to 60 days	61,682	489,652
Outstanding 61 to 180 days	16,018	122,814
Outstanding above 180 days	83,667	317,137
<b>Total outstanding receivables</b>	<b>161,367</b>	<b>929,603</b>

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:

	<b>31 December 2017</b>	<b>31 December 2017</b>
<b>Balance as at 31 December</b>	<b>9,717,095</b>	<b>9,564,020</b>
Provisions set during the year	217,167	1,323,721
Provisions reversed during the year	(309,397)	(1,170,646)
<b>Balance as at 31 December</b>	<b>9,624,865</b>	<b>9,717,095</b>

The allowances reversed in 2018 include amounts reversed following the collection of receivables in an amount of RON 42,223 (2017: RON 51,856) and amounts reversed following the written-off of receivables in amount of RON 267,174 (2017: RON 1,118,790). 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 2018, 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 11,313,738 (2017: RON 13,806,687).

Details on the balances of receivables from affiliates are presented in Note 28.

### 13. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2018 and 2017, other receivables and prepayments are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Taxes and duties paid in excess	169,211	260,162
Sundry debtors and cash advances and other amounts	131,317	137,211
Sundry debtors	701,930	18,790,689
Provisions for sundry debtors and other receivables	(728,824)	(738,272)
Advances paid to suppliers	59,009	75,685
Prepayments	199,291	151,412
Other receivables	11,817	12,710
<b>Total other receivables and prepayments</b>	<b>543,751</b>	<b>18,689,597</b>

The details on the balances of the receivables with affiliates are presented in Note 28.

On 11 December 2017, based on ESGM decision from 14 December 2016 and on Board of Directors decision from 23 October 2017, it was signed the Sale-Purchase Agreement between the Company, as Seller, and FINROM BDC SRL, having as object the real estate properties owned by the Company situated in (i) București, sector 5, Str. Sebastian no. 88, (PLOT 12), comprising urban land having cadastral no. 228952 (old cadastral no. 2049/12), with a surface of square meters 6,949 as per documents and square meters 6,810 as per measurements, and in (ii) București, sector 5, Calea Rahovei no. 286A (ex. Str. Sebastian no. 88), comprising urban land having cadastral no. 219697 (old cadastral no. 310), with total surface of square meters 15,336 as per documents, square meters 15,486 as per measurements, together with the constructions existing on it.

The agreed selling price was Euro 4,000,000 with the application of VAT simplification measures, out of which the amount of Euro 100,000 was collected, and the difference of Euro 3,900,000, equivalent of RON 18,062,850, outstanding as of 31 December 2017, was fully collected on 26 January 2018.

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

<b>Balance as at 31 December 2017</b>	<b>738,272</b>
Provisions set in 2018	11,558
Provisions reversed in 2018	(21,006)
<b>Balance as at 31 December 2018</b>	<b>728,824</b>

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

#### 14. CASH AND CASH EQUIVALENTS

As at 31 December 2018 and 2017, the cash availabilities and cash equivalents consisted in the following:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Bank accounts in RON	4,448,638	2,983,117
Bank accounts in foreign currency	6,268,615	711,349
Short-term deposits	-	6,042,271
Petty cash in RON	11,388	20,555
Petty cash in foreign currency	20	8,192
Cash equivalents	-	-
<b>Total cash and cash equivalents</b>	<b>10,728,661</b>	<b>9,765,484</b>

The details regarding the restrictions on cash availability accounts are presented in Note 17.

The short-term deposits are time deposit for up to 30 days in RON and in foreign currency (RON 0 and EUR 0 as at 31 December 2018; RON 355,988 and EUR 1,220,311 as at 31 December 2017).

#### 15. SHARE CAPITAL

The shareholding structure as at 31 December 2018 and 31 December 2017 is as follows:

<b>Shareholder</b>	<b>% of shareholding</b>	<b>No. of shares</b>	<b>Restated amount</b>	<b>Historical amount</b>
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
<b>Total share capital</b>	<b>100.00%</b>	<b>31,250,000</b>	<b>10,337,676</b>	<b>6,250,000</b>

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.

## 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has liabilities and loans denominated in foreign currency. As a result, it may be affected by the changes in exchange rates and interest rates.

The significant risks are described below.

### 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.

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

2017	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	1%	(9.259)	(1.987)
EUR	(1)%	9.259	1.987
RON	1%	(76.868)	(16.496)
RON	(1)%	76.868	16.496

### 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:

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

2017	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	339,067	72,766
EUR	(5)%	(339,067)	(72,766)



## 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The tables below detail the balances in foreign currencies and in the functional currency as at 31 December 2018 and an analysis of the sensitivity of the evolution in the exchange rate differences:

Assets	USD	EUR	RON
<b>Monetary non-current assets:</b>			
Customers and other receivables	-	-	1,023,948
Shares held at affiliates	-	-	-
Long-term receivables	-	-	63,736
<b>Monetary current assets:</b>			
Customers and other receivables	223,497	576,940	10,450,424
Cash and cash equivalents	19,437	1,327,100	4,460,025
<b>Total monetary assets</b>	<b>242,934</b>	<b>1,904,040</b>	<b>15,998,133</b>

Liabilities	USD	EUR	RON
<b>Monetary long-term liabilities:</b>			
Loans	-	-	2,833,333
Suppliers and other payables	-	-	4,788,408
<b>Monetary short-term liabilities:</b>			
Loans	-	2	2,233,195
Suppliers and other payables	-	659,280	3,915,465
<b>Total monetary liabilities</b>	<b>-</b>	<b>659,282</b>	<b>13,770,401</b>

Ratio	USD	EUR	RON
Net position, in the initial currency	242,934	1,244,758	2,227,733
Exchange rates	4.0736	4.6639	1
Net position, in the functional currency	989,614	5,805,426	2,227,733
Possible reasonable variation in exchange rates (+), %	5%	5%	0%
Effect on the comprehensive income, in the functional currency	49,481	290,271	-
Possible reasonable variation in exchange rates (-), %	-5%	-5%	0%
Effect on the comprehensive income, in the functional currency	(49,481)	(290,271)	-
Effect on the comprehensive income, in the functional currency, for each currency	USD	49,481	(49,481)
	EUR	290,271	(290,271)
	RON	-	-
	<b>Total</b>	<b>339,752</b>	<b>(339,752)</b>

### 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.

## **16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2017, the top ten clients accounted for 22.5% of the total sales, and this weight decreased in 2018 when the top ten customers accounted for approximately 14.9% 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.

### **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 2018 and 2017 based on undiscounted future payments (including future interest) is shown below.

#### **As at 31 December 2018**

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

#### **As at 31 December 2017**

	<b>Short-term loans</b>	<b>Suppliers and other payables</b>	<b>Balances with affiliates</b>	<b>Long-term loans</b>	<b>Total</b>
Payments in a period below 3 months	2,596	7,792,444	1,342,109	534,030	<b>9,671,179</b>
Payments in a period of 3 to 12 months	235,171	-	-	3,174,143	<b>3,409,314</b>
Payments in a period of 1 to 5 years	-	-	-	5,465,794	<b>5,465,794</b>
<b>Total</b>	<b>237,767</b>	<b>7,792,444</b>	<b>1,342,109</b>	<b>9,173,967</b>	<b>18,546,287</b>

## **16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

### **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 2018 and 2017, the carrying amounts of the financial instruments approximated their fair values as at the same dates.

### **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%.

	<b>31 December 2018</b>	<b>31 December 2017</b>
Total loans	5,066,538	8,612,741
Less: Cash and cash equivalents	(10,728,661)	(9,765,484)
<b>Net liabilities/(assets)</b>	<b>(5,662,123)</b>	<b>(1,152,743)</b>
<b>Equity</b>	<b>51,481,163</b>	<b>63,945,561</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>45,819,040</b>	<b>62,792,818</b>
<b>Indebtedness ratio</b>	<b>-12.36%</b>	<b>-1.83%</b>

## 17. LOANS

### Short-term loans

As at 31 December 2018, 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 2018	Balance 31 December 2018
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2019	EURIBOR 3M + 3.50%	EUR	500,000	-	233,195
B. Transilvania	Short-term facilities	14.03.2014	01.04.2019	EURIBOR 3M + 2.50%	EUR	2,000,000	-	10
OTP Bank	Short-term facilities	13.03.2014	01.04.2019	ROBOR 3M + 2.30%	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 2018	Balance 31 December 2018
OTP Bank		17.05.2016	14.05.2021	ROBOR 3M + 2.70	RON	9,000,000	-	2,000,000
<b>Total</b>							-	<b>2,233,205</b>

The short-term loan from Piraeus Bank is secured by a corporate guarantee from the parent company.

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.

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**17. LOANS (continued)**

As at 31 December 2017, 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 2017	Balance 31 December 2017
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2018	EURIBOR 3M + 3.50%	EUR	500,000	-	232,985
B. Transilvania	Short-term facilities	14.03.2014	07.03.2018	EURIBOR 3M + 3.20%	EUR	1,946,089	-	408
OTP Bank	Short-term facilities	13.03.2014	09.03.2018	ROBOR 3M + 2.60%	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 2017	Balance 31 December 2017
OTP Bank		16.01.2012	27.12.2018	EURIBOR 3M + 3.75 / ROBOR 3M + 3.25	EUR / RON	8,313,158	-	1,546,015
OTP Bank		17.05.2016	14.05.2021	ROBOR 3M + 2.70	RON	9,000,000	-	2,000,000
<b>Total</b>							-	<b>3,779,408</b>

**Long-term loans**

**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
<b>Total</b>								<b>2,833,333</b>

The balance of the medium-term loan from OTP Bank is RON 4,833,333 (2017: RON 6,833,333), out of which the current portion was disclosed under the section relating to short-term loans amounting to RON 2,000,000 (2017: RON 2,000,000).

## 17. 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 2017

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2017	Balance 31 December 2017
OTP Bank	TM facility	17.05.2016	14.05.2021	ROBOR 3m + 3.25%	RON	9,000,000	-	433,833,333
<b>Total</b>								<b>4,833,333</b>

## 18. INVESTMENT SUBSIDIES

The evolution of the investment subsidies as at 31 December 2018 and 2017 is shown below:

	2018	2017
As at 1 January	5,170,111	5,558,196
Subsidies recognized during the year	-	-
Depreciation in the profit and loss account during the year	(381,703)	(388,085)
<b>Balance as at 31 December</b>	<b>4,788,408</b>	<b>5,170,111</b>
Short-term portion	373,147	384,552
Long-term portion	4,415,261	4,785,559

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. At the end of the monitoring period, the failure to fulfill the above-mentioned indicators may entail the penalization by way of reimbursement of at most 15% of the financed amount (RON 6,535,005), according to the percent in which the criteria are failed.

## 19. 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 2018 and 2017.

For 2018 and 2017, the income tax consists in:

	2018	2017
Current income tax charge	56,974	2,738,011
Deferred income tax expense /(credit)	(77,030)	(1,093,780)
<b>Total income tax</b>	<b>(20,056)</b>	<b>1,644,231</b>

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:

	2018	2017
<b>Result before tax – profit/(loss)</b>	<b>515,546</b>	<b>14,291,873</b>
Income tax 16%	82,487	2,286,700
Effect of non-deductible expenses	(102,543)	(642,469)
<b>Total income tax expense / (revenue)</b>	<b>(20,056)</b>	<b>1,644,231</b>
<b>Actual income tax rate</b>	<b>-3.89%</b>	<b>11.50%</b>

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

	2018		2017	
	Cumulated temporary differences	Deferred income tax asset/ (liability)	Cumulated temporary differences	Deferred income tax asset/ (liability)
Non-current assets	(337,728)	(54,037)	(394,529)	(63,125)
Provisions for receivables	6,737,406	1,077,985	6,312,767	1,010,043
<b>Total</b>	<b>6,399,678</b>	<b>1,023,948</b>	<b>5,918,238</b>	<b>946,918</b>

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	
	2018	2017	2018	2017
Non-current assets	54,037	63,125	(9,088)	(1,203,868)
Provisions for receivables	(1,077,985)	(1,010,043)	(67,942)	110,088
<b>Total</b>	<b>(1,023,948)</b>	<b>(946,918)</b>	<b>(77,030)</b>	<b>(1,093,780)</b>

## 20. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables as at 31 December 2018 and 31 December 2017 are as follows:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Suppliers	1,625,574	2,633,626
Advance payments from clients	518,834	420,599
Salaries	271,531	282,202
Taxes and duties on salaries	282,171	318,723
VAT payable	642,998	584,578
Dividends payable	724,826	666,526
Payables to affiliates	2,795,902	1,342,106
Other employee payables	60,886	120,196
Other	16,186	865,000
<b>Total suppliers and other payables</b>	<b>6,938,908</b>	<b>7,233,556</b>

The details on the balances of the payables to affiliates are presented in Note 28.

## 21. OPERATING INCOME

Operating income for the years ended 31 December 2018 and 2017 are as follows:

	<b>2018</b>	<b>2017</b>
Sale revenues	95,014,289	69,846,361
Commercial discounts granted	(652,333)	(623,784)
<b>Total sale revenues</b>	<b>94,361,956</b>	<b>69,222,577</b>
Other operating income	839,303	13,705,704
<b>Total operating income</b>	<b>95,201,259</b>	<b>82,928,281</b>

Other operating income consists of:

	<b>2018</b>	<b>2017</b>
Subsidies received	381,703	388,085
Gain from sale of fixed assets	69,012	13,162,289
Others	388,588	155,330
<b>Total other operating income</b>	<b>839,303</b>	<b>13,705,704</b>

As detailed in Note 16 c), the Company has no client accounting for more than 10% of the sales or outstanding as at 31 December 2018 and 31 December 2017.

Operating income from subsidies received represent the financing transferred to income for the expenses made in 2018 and the financing reversed to income during the life of the equivalent value of the financing received under the financing contracts, as follows:



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**21. OPERATING INCOME (continued)**

	<b>2018</b>	<b>2017</b>
Income from reversing investment subsidies		
Motor vehicles scrapping premium	6,500	6,500
Financing under SOP HRD 125/5.1/S/129742	55,863	58,716
Financing under SOP IEC 154271/18.05.2011	308,718	308,718
Financing under SOP HRD /106/5.1/G/76086	10,622	14,151
Income for financing expenses under SOP HRD 125/5.1/S/129742	-	-
<b>Total operating income</b>	<b>381,703</b>	<b>388,085</b>

Details on the gain from sale of fixed assets are presented in Note 13 "Other receivables and prepayments".

**22. COST OF SALES**

The cost of sales for the years ended as of 31 December 2018 and 2017 is as follows:

	<b>2018</b>	<b>2017</b>
Cost of inventories	71,028,398	44,947,233
Wages	2,054,277	1,798,317
Salary contributions	118,025	443,969
Amortization	1,155,963	1,171,428
Utilities	426,940	404,415
Other expenses included in the cost of sales	657,078	835,842
<b>Total cost of sales</b>	<b>75,440,681</b>	<b>49,601,204</b>

In 2018, 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 Filipeştii de Padure.

**23. SALE AND DISTRIBUTION EXPENSES**

For 2018 and 2017, the sale and distribution expenses consisted in:

	<b>2018</b>	<b>2017</b>
Wages	6,512,769	4,910,558
Salary contributions	277,177	1,183,098
Amortization	701,326	1,128,271
Rental fees	1,369,591	949,636
Advertising costs	341,680	736,679
Insurances	49,296	62,022
Other taxes and charges	231,737	483,916
Transport costs	1,439,658	702,878
Utilities	205,788	212,119
Other sale and distribution expenses	2,746,868	3,803,872
<b>Total sale and distribution expenses</b>	<b>13,875,890</b>	<b>14,173,049</b>

In 2018, sale and distribution expenses included the management, security expenses, expenses with consumables, and the provisions for clients and sundry debtors set in 2018 amounting to RON 217,167 (2017: RON 1,323,721). Details regarding the provisions for clients and sundry debtors are disclosed in Note 12.

## **24. ADMINISTRATIVE EXPENSES**

For 2018 and 2017, administrative expenses consisted in:

	<b>2018</b>	<b>2017</b>
Amortization	151,945	160,246
Wages	2,371,734	1,763,396
Salary contributions	76,003	409,294
Other third party suppliers	592,180	534,042
Rental fees	448,574	151,100
Insurances	8,080	9,746
Taxes and charges	28,991	19,966
Utilities	58,079	55,020
Other administrative expenses	1,353,372	1,305,644
<b>Total administrative expenses</b>	<b>5,088,958</b>	<b>4,408,454</b>

In 2018, Other administrative expenses include management, audit and security expenses.

## **25. SALARY EXPENSES**

For 2018 and 2017, the salary expenses consisted in:

	<b>2018</b>	<b>2017</b>
Gross salaries related to the year	10,938,780	8,472,271
Social security expenses	60,619	1,471,849
Health insurance expenses	-	440,559
Unemployment fund contribution expenses	-	39,281
Labor security contribution	246,121	-
Other contributions	164,464	84,672
<b>Total salary expenses</b>	<b>11,409,984</b>	<b>10,508,632</b>

## **26. EMPLOYEES, ADMINISTRATORS AND DIRECTORS**

As of 31 December 2018 and 31 December 2017, the employees' structure is as follows:

	<b>2018</b>	<b>2017</b>
Production	58	67
Sales & marketing	106	105
Administrative personnel	19	22
<b>Total employees</b>	<b>183</b>	<b>194</b>

Details on the members of the Board of Directors and the executive directors are presented in Note 28.

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.

## 27. DECLARED DIVIDENDS

	2018	2017
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 2018 is to be subject to the approval of the SGM of 19 April 2019.

## 28. AFFILIATES

a) The main affiliates and a short description of their activity and of the major transactions with the Company during the years 2018 and 2017 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
GA Plastics SA	Subsidiary of the parent- entity, Alumil Mylonas (50.00%)	Greece
Alpro Vlasenica AD.	Subsidiary of the parent- entity, Alumil Mylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent- entity, Alumil Mylonas (98.50%)	Serbia

Receivables from affiliates are the following:

	31 December 2018	31 December 2017
<b>Clients</b>		
Alumil Industry (Chisinau)	575,483	598,499
AlumilAluminium Industry (Greece)	2,027,354	695,160
BMP Hellas (Grecia)	18,558	-
Alumil YU Serbia	-	694,935
<b>Total</b>	<b>2,621,395</b>	<b>1,988,594</b>

On 21 November 2016, in capacity of sole shareholder, the Company decided to dissolve and liquidate the company Alumil Extrusion S.R.L. Therefore, as at 31 December 2016, the Company set a provision in an amount RON 1,020,000. The provision was set at the uncovered amount of the receivables remaining after the selling of the Alumil Extrusion S.R.L. assets.

The liquidation process reached the last phase as at 31 December 2017, and the provision for doubtful debts was cancelled against revenues, the certain loss being recognized in the same time. Only the provision for the value of the shares owned by the Company in Alumil Extrusion was maintained (RON 82,500).

The liquidation procedure was finalized in May 2018, and consequently the provisions for the shares owned by the Company in Alumil Extrusion (RON 82,500) was cancelled against revenues, the certain loss being recognized simultaneously.

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**28. AFFILIATES (continued)**

Payables to affiliates are the following:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Alumil Aluminium Industry (Greece)	2,621,586	1,208,256
BMP Hellas SA	165,960	133,853
GA Plastics	8,356	-
<b>Total</b>	<b>2,795,902</b>	<b>1,342,109</b>

The Company had the following transactions with affiliates:

	<b>2018</b>			
	<b>Sales</b>	<b>Purchases of materials and merchandise</b>	<b>Purchases of fixed assets</b>	<b>Others</b>
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	-	-
	<b>34,269,364</b>	<b>34,862,862</b>	<b>-</b>	<b>1,212,614</b>

	<b>2017</b>			
	<b>Sales</b>	<b>Purchases of materials and merchandise</b>	<b>Purchases of fixed assets</b>	<b>Others</b>
Alumil Aluminium Industry (Greece)	486,183	40,737,929	31,984	1,291,264
Alumil Industry (Chisinau)	1,046,184	-	-	-
BMP Hellas SA	-	1,184,006	-	-
Alpro Vlasenica Bosnia Hertegovina	-	619,485	-	-
Alumil YU Serbia	5,692,768	-	-	-
Alumil Extrusion	-	-	77,350	-
	<b>7,225,135</b>	<b>42,541,420</b>	<b>109,334</b>	<b>1,291,264</b>

**28. AFFILIATES (continued)**

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

<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>	<b>Date of mandate expiry</b>
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:

<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>No. of shares held</b>	<b>% prior to IPO</b>	<b>% after IPO</b>
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:

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

In 2018, the expense with the remuneration of the executive management and of the directors amounted to RON 1,600,426 (2016: RON 1,448,081).

**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.

## **29. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS**

The Company did not set any provisions as of 31 December 2018 and 2017.

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 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.

Following completion of this project, the Company has the obligation to report the fulfillment of the result indicators over the sustainability period ensuring that all indicators are fulfilled on completion, otherwise the Managing Authority may request a reduction of the co-financing by at most 15% on a pro-rata with the non-fulfillment percentage for these indicators, except for reasonably justified cases.

The Company estimates the full fulfillment of the indicators until the end of the sustainability period.

The Company does not have any commitments concerning tangible and intangible assets as of 31 December 2018 and 31 December 2017.

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:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Below one year	275,175	409,621
One to five years	26,904	340,902
<b>Total</b>	<b>302,079</b>	<b>750,523</b>

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.

## 29. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS (continued)

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

	31 December 2018	31 December 2017
Below one year	1,552,291	1,404,103
One to five years	4,857,591	4,243,948
<b>Total</b>	<b>6,409,872</b>	<b>5,648,051</b>

## 30. SUBSEQUENT EVENTS

- In January 2019, the Board of Directors decided to close the working point located in Bistrita. 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 Bistrita being taken over by the closest working point, Targu Mures.
- In February 2019, the Board of Directors of ALUMIL ROM INDUSTRY S.A. decided the approval of the increase of Company's contribution to the share capital of its subsidiary, ALUMIL MIRS FOR ALUMINIUM AND ACCESSORIES INDUSTRY JSC, with headquarters in Egypt, Cairo, with the total amount of EGP (Egyptian Pounds) 20,600,000 contributed in cash, out of which the Company's contribution will be proportional with its participation quota of 40% e.g. the amount of EGP (Egyptian Pounds) 8,240,000 in EUR equivalent at the exchange rate at the date of payments, cash contribution of Alumil Rom Industry S.A. As a result of the increase, Alumil Rom Industry S.A. contribution to the share capital of the subsidiary ALUMIL MISR FOR ALUMINIUM AND ACCESSORIES INDUSTRY JSC, with headquarters in Egypt, Cairo, will be in amount of EGP (Egyptian Pounds) 20,240,000, representing 40% of the Egyptian company share capital. On 2 February 2019 Alumil Rom Industry S.A. transferred to ALUMIL MISR FOR ALUMINIUM AND ACCESSORIES INDUSTRY JSC, with headquarters in Egypt, Cairo, the amount of EUR 409,583.50, equivalent of EGP (Egyptian Pounds) 8,240,000, representing the increase of the contribution to its share capital.
- In March 2019 it was approved 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 addendum following to be signed until 1 April 2019.

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 March 2019 it was approved 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%), the addendum following to be signed until 1 April 2019.

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 14 March 2019.

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Marius Ionita  
C.E.O.

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Ciprian Balasca  
C.F.O.