

ANNUAL REPORT

For the financial year : 2019

Report date :01.04.2020

Company name: **S.C. ARTEGO S.A.;**

Headquarters: **Tg-Jiu, str. Ciocârlău, nr.38, jud. Gorj, cod poștal 210103;**

Phone/fax: 0253/226444; 0253/226045;

Number and date of registration with the Trade Registry Office: **J18/1120/1991;**

Fiscal code **RO 2157428;**

Securities Issued: **shares with a nominal value of 2.5 lei;**

Organized market on which securities are traded: BVB

Subscribed and paid-up share capital: 22.390.412,50 lei

REPORT

regarding the activity carried out in 2019 according to the balance sheet as at 31.12.2019 based on the Order no. 2844/2016 with the subsequent modifications and completions - for the approval of the compliant accounting regulations with International Financial Reporting Standards

SC ARTEGO S.A. Tg. Jiu was established according to the law no. 31/1990, based on the Government Decision no.1224 / 1990 and was registered at the Trade Register under the number J18 / 1120/1991, having the fiscal code RO2157428.Tg. Jiu.

Ownership structure at 31 december 2019

Shareholder	Shares number	Value (lei)	Total weight Social capital (%)
Employees Association PAS ARTEGO	6.968.820	17.422.050,00	70,0428
Legal persons	1.845.675	4.614.187,50	18,5507
Individuals	1.134.880	2.837.200,00	11,4065
The Romanian State through the Authority for the Administration of State Assets	2	5,00	
TOTAL	9.949.377	24.873.442,50	100.00

In 2019, the production activity and the economic and financial activity carried out by the company and reflected in the balance sheet ended on 31 December :

CHAPTER I. PRODUCTION ACTIVITY

In 2019 the production of technical items was 13.652 tons.

In 2019, the output for export was 5,927 tons for export and 1,339 tons for export. Table 1 shows some comparative dates of the years 2015,2016 ,2017 2018 and 2019.

Table 1

	2015	2016	2017	2018	2019
Production of goods, lei	147.850.944	133.885.584	133.845.491	160.781.296	174.382.899
Transport belts, to, from which :	10.437	9.666	9.185	10.400	11.157
- export	4.643	5.557	5.306	6.104	5.927
lei , from which	121.750.224	107.655.722	108.484.056	130.314.565	142.666.404
- export	51.862.428	56.488.381	63.914.243	76.294.082	77.566.256
Technical plate, to, from which:	2.245	2.077	1.785	2.049	1.918
- export	1.160	1.384	1.052	1.348	1.339
lei , from which	14.901.261	13.979.267	14.004.148	17.113.441	17.622.727
- export	8.389.252	8.609.518	8.122.398	10.928.944	11.708.552
Pressed gaskets, to	622	613	674	597	577
lei ,	5.820.250	6.672.293	6.215.133	7.372.035	8.542.478
Total Export lei	63.150.393	69.123.789	75.009.965	90.397.674	94.788.398
Total EURO	14.218.934,16	15.404.075,45	16.405.915,83	19.421.370,91	19.967.318,52

During the year 2019 the value of the export reached 19.967.318,52 EURO, the export representing 54.36% of the production of technical rubber articles. The most stable markets that exported are Italy, England, Spain, Germany, Holland, Finland.

Serbia, Bulgaria. Currently, ARTEGO is the largest producer of technical rubber articles in Romania (95% of the country's transport bands needed) and one of the European manufacturers.

The value of export deliveries expressed in EURO is as follows:

Tara	2015	2016	2017	2018	2019
Italia	1.251.593,46	1.702.252,71	958.131,93	475.077,86	247.672,14
Anglia	3.196.276,60	3.077.963,60	3.058.162,47	3.481.413,73	2.960.298,58
Argentina	370.756,40	232.346,48	75.590,56	-	-
Austria	-	2.761,20	11.173,05	52.026,53	27.597,83
EUA	-	68.171,36	-	35.226,29	34.769,68

Finlanda	909.235,02	1.046.368,23	709.050,10	614.785,52	848.463,14
Spania	2.663.639,18	3.081.510,58	3.782.901,20	3.351.839,72	3.924.233,85
Olanda	1.160.199,09	1.210.891,97	1.386.720,03	1.877.567,63	1.552.207,44
Franta	108.774,80	257.710,84	597.426,55	2.331.047,92	2.572.580,19
Germania	2.549.373,29	2.834.420,65	3.889.839,95	5.567.764,48	6.409.113,48
Polonia	153.260,97	126.531,96	72.657,61	103.673,55	40.847,33
Bulgaria	134.355,40	372.737,57	373.236,82	409.987,75	295.444,82
Bosnia &Herzegovina	2.529,60	-	32.635,98	2.372,74	5.125,04
Turcia	-	3.548,00	8.078,25	17.935,00	40.689,33
Cipru	5.109,59	2.293,93	10.338,57	-	-
Algeria	-	-	156.889,52	-	-
Estonia	27.415,46	33.573,65	32.176,86	39.791,18	10.582,60
Rusia	-	-	-	-	11.871,32
Serbia	137.945,02	171.092,90	246.774,54	398.455,23	270.536,37
Belgia	961.670,85	583.110,03	540.683,01	203.108,06	188.320,82
Ungaria	38.443,00	38.431,81	127.633,19	74.463,93	247.477,86
Cehia	18.276,85	6.511,56	10.579,84	18.992,00	10.579,84
Irlanda	386.544,77	342.676,28	96.574,78	49.826,20	-
Ucraina	-	-	2.891,40	11.652,16	48.753,54
Grecia	143.534,81	113.903,87	56.381,36	32.066,43	57.104,73
Egipt	-	90.208,45	83.648,98	83.905,96	33.477,72
Lituania	-	5.057,82	12.236,60	30.607,91	10.679,83
Croatia	-	-	205,98	-	-
Moldova	-	-	61.938,24	58.760,48	18.646,54
Slovacia	-	-	11.358,46	40.430,54	76.578,12
Maroc	-	-	-	15.520,18	-
Qatar	-	-	-	34.477,49	-
Slovenia	-	-	-	8.594,44	7.758,68
Macedonia	-	-	-	-	10.412,70
Norvegia	-	-	-	-	5.495,00
TOTAL	14.218.934,16	15.404.075,45	16.405.915,83	19.421.370,91	19.967.318,52

It is worth noting that all the achievements of the company were possible thanks to a well-trained professional staff and the management team who under the current conditions managed to find solutions for its maintenance among the competitive manufacturers of technical rubber articles. The technical and engineering staff of the company have a high level of training and are in a permanent competition with a creative role. Thus, it was possible to achieve 65 patents for invention between

1985 -2019. There are also numerous files with technical solutions waiting to be patented at OSIM.

Applying all of these patents led to:

- machine upgrades;
- achievements of new machines;
- improving technologies;
- Reductions in production costs.

The technicians of the company, passionate about the scientific and technological research, with the novelty in their field of activity, succeeded for the world premiere the realization of the first conveyor belt with a face protected with thermoplastic polyurethane. This material has excellent wear resistance in contact with the material transported in conditions where it maintains its elasticity comparable to natural rubber at extreme temperatures, it is resistant to oils and fats, to atmospheric factors and even to microbial attacks. The realization is the result of a multidisciplinary collaboration with leading companies in Europe and other continents: Bayer Material Science AG, Urban Technics, Quinn, etc.

CHAPTER I I. FINANCIAL - PATRIMONIAL SITUATION

The financial situation is based on the existing internal correlations between the assets of the balance sheet assets in the form of the assets (economic means) available to ARTEGO S.A. for the realization of its production activity and respectively in the balance sheet liability in the form of financial sources of fixed or circulating assets and the financial result of the company.

A. 1. Economic means

Economic assets or direct property assets consist of fixed assets and current assets.

Asset items are organized from the balance sheet into asset items with acyclical use that include the "Fixed Assets" group and the cyclic asset assets that include the "Current Assets" group.

INDICATOR		Beginning of the year 2019 (lei)	End of the year 2019(lei)
Fixed assets – total		47.883.466	44.934.421
a) Intangible assets		13.441.457	12.195.895
b) Tangible assets from which:		34.442.009	32.738.526
-	Lands	12.946.749	12.937.919
-	Fixed assets at inventory value	96.377.666	97.892.429
-	Fixed assets at the remaining amount	21.033.652	19.790.573
-	Corporal immobilizations in course	581.704	143.455
c)	Financial assets	-	

A.2. CURRENT ASSETS

In order to achieve its goal of S.C. ARTEGO S.A. TG. JIU, must have machines, buildings and other tools. To make this production machine work, the company had to: - buy raw materials;

- provide stocks at different stages of the production process;
- to sell to recover their resources.

Current assets are made up of stocks, short-term achievable values and available values.

The value of the current assets at 31.12.2019 according to the balance sheet is of RON 93.052.623 structured as follows:

Indicator		Total (lei)	%
1. STOCKS from which:		46.274.992	49,73
-	raw materials, materials	35.155.370	
-	finished product	8.176.077	
-	products under execution	112.884	
-	Assets held for sale	1.749.463	
-	advances	1.081.198	
2. MONEY AVAILABILITY		992.778	1,07
3. DEBTS		45.770.456	49,19
-	Comercial debts	44.895.568	
-	Other debts	874.888	
4. FINANCIAL INV. ON SHORT TERM		14.397	0,01

B. SITUATION OF PATRIMONIA

During 2019, the management inventory management and fund manager control program was carried out..

Net Asset = Fixed Assets + Current Assets - Debts

The net asset reflects the firm's ability to deal with its underwriting liabilities

INDICATOR	U/M	2015	2016	2017	2018	2019
Fixed assets	lei	53.973.486	51.386.235	49.483.635	47.883.466	44.934.421
Current assets	lei	98.092.429	92.075.440	81.434.182	92.542.155	93.052.623
Total assets	lei	152.065.915	143.461.675	130.917.817	140.425.621	137.987.044
Total Debts	lei	74.335.506	61.831.894	53.665.497	57.866.515	49.258.275
Personal capital	lei	76.628.567	80.926.620	76.908.447	82.545.357	88.982.079

ECONOMIC-FINANCIAL RESULTS

Between 2015 -2019, the economic and financial indicators were as follows:

	2015	2016	2017	2018	2019 (lei)
I Revenues from exploitation	168.489.297	152.671.820	152.597.599	183.846.345	197.290.206
a) Fiscal value	151.689.051	140.380.472	133.796.633	169.013.285	181.088.888
b) Stock change	15.225.097	10.438.987	16.275.950	11.678.571	14.203.886
c) The immobilized production made by the entity	434.898	535.858	805.849	806.501	711.324
d) Other revenues	1.140.251	1.316.503	1.719.167	2.347.988	1.286.108
II Expenses for exploitation	153.095.774	144.839.787	144.514.715	170.648.117	181.221.246
- profit /loss from exploitation (+/-)	15.393.523	7.832.033	8.082.884	13.198.228	16.068.960
III Financial revenues	940.067	1.091.395	1.095.294	406.760	659.747
IV Financial expenses	2.557.256	2.676.415	2.059.723	2.569.168	2.619.326
- loss	1.617.189	1.585.020	964.429	2.162.408	1.959.579
VII Total revenues	169.429.364	153.763.215	153.692.893	184.253.105	197.949.953
VIII Total expenses	155.653.030	147.516.202	146.574.438	173.217.285	183.840.572
- the gross result of the exercise	13.776.334	6.247.013	7.118.455	11.035.820	14.109.381
-tax on profit	2.547.610	1.156.174	1.043.181	1.627.827	2.016.142
NET PROFIT	11.287.856	5.149.820	6.134.163	9.465.069	12.149.812

Between 1 January and 31 December 2019, S.C. ARTEGO S.A. TG. JIU, delivered to the State Produces products worth 62.029.146 lei, as follows:

C.E.OLTENIA 62.023.157 lei

CE HUNEDOARA 5.989 lei

The balance of invoices not collected at 31.12.2018 was 16.885.749 lei for the State Regiments, as follows :

C.E.OLTENIA	16.300.242 lei
CE HUNEDOARA	585.507 lei

On December 31, 2019, the amounts to be collected from the State Regimes were 17.937.640

lei, as follows :

C.E.OLTENIA	17.352.133 lei
CE HUNEDOARA	585.507 lei

Of the total amount of 228.641.674 lei due by the State Registry and other clients (the balance as of 31.12.2018 plus the deliveries between 01.01. And 31.12.2019), the following amounts were collected:

a) through liquidity :	158.320.556 lei, meaning 82.34%
b) through compensation:	33.957.750 lei, meaning 17.66%

BENEFICIARY	U.M.	COMPENSATION	%	LIQUIDITIES	%	TOTAL
CE OLTENIA	lei	33.045.174	35,15	60.963.739	64,85	94.008.913
CE Hunedoara	lei	-	-	5.989	100,00	5.989
Altii	lei	912.576	17,84	4.203.868	82,16	5.116.444
Export	lei	-	-	93.146.960	100,00	93.146.960
T O T A L	lei	33.957.750	17,66	158.320.556	82,34	192.278.306

HUMAN POTENTIAL

The average number of employees in the year 2019 was 870 compared to 899 in 2018, registering a decrease of 3,23%, and the actual number at the end of 2019 was 855 employees, compared to 894 at the end of 2018.

The total salary fund in 2019 was 42.559.885 lei.

The expenditures on insurance and social protection were of 1.124.247 lei and mass meals were granted in the amount of 2.706.915 lei.

AMORTIZATION OF FIXED MEANS

SC ARTEGO S.A., used as a damping regime - linear damping.

Depreciation of fixed assets was calculated in accordance with Law no. 15/1994 republished and H.G. no. 2139/2004 for the approval of the classification and normal durations of fixed assets.

The depreciation included in the operating expenses amounted to 4.805.138lei. The balance sheet was prepared on the basis of the balance sheet for checking the synthetic accounts correlated with the balances of the analytical accounts, observing the Methodological Norms.

PROFIT

At 31.12.2019, gross profit was 14.109.381 lei, respectively net profit 12.149.812 lei.

In determining the taxable profit, the provisions of Law no. 227/2015 regarding the Fiscal Code with subsequent amendments.

For determining the taxable profit, all expenses for which deduction is not allowed are considered:

- late payment due for non-payment of debts on time;
- expenses for the protocol, exceeding the limits provided by the Fiscal Code.

SC ARTEGO S.A. Tg-Jiu had total debts as of 31.12.2019 amounting to 49.258.275 lei of which:

	lei
1. State Budget	2.335.744
- tax on profit	750.101
- tax on revenues from salaries	352.517
-tax on dividends	28.648
- VAT on payment	1.204.478
2. Special Fund Budgets	564.342
-CASS	513.104
-solid fd. for pers. with disabilities	47.174
- average fund	4.064
3. Social security budgets	1.410.923
CAS	1.295.234
2,25% CASM	115.689
Credits	31.286.160
providers	9.046.723
Customer creditors	303.056

PROVISIONS OF THE CORPORATE GOVERNANCE CODE	RESPECT	DO NOT RESPECT OR PARTIALLY RESPECT	THE REASON FOR NON-CONFORMITY
A.1. All companies must have an internal Council		PARTIALLY	The terms of reference /

regulation that includes the terms of reference / responsibilities of the Council and the key management functions of the company and which applies, inter alia, the General Principles of Section A.		RESPECT	responsibilities of the Board and the key management functions of the company are contained in the Constitutive Act. This requirement is to be reviewed within the Board of Directors.
A.2. Provisions for managing conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may occur and refrain from attending the discussion (including through non-attendance, unless the failure to attend would hamper the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest concerned.		PARTIALLY RESPECT	There is no provision in the articles of association regarding the management of conflicts of interest. However, the recommendation of the Corporate Governance Code is respected.
A.3. The Board of Directors or the Supervisory Board must be composed of at least five members.	YES		
A.4. Most members of the Board of Directors should not have executive functions. At least one member of the Board of Directors must be independent of Standard Category companies. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his nomination for election or re-election, as well as when any change of his status occurs, indicating the elements on the basis of which he is considered is independent in terms of character and judgment.		PARTIALLY RESPECT	Most members of the Board of Directors are non-executive directors. There are currently no independent administrators. Administrators were appointed by the General Meeting of Shareholders.
A.5. Other relatively permanent commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Societies and Institutions, should be disclosed to potential shareholders and investors prior to nomination and during their term of office.		NO	
A.6. Any member of the Council must report to the Council on any report with a shareholder directly or indirectly owning shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Council.		NO	It's not necessary.
A.7. The company must designate a Council Secretary responsible for supporting the work of the Council.	YES		
A.8. The Corporate Governance Statement will inform whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.		NO	The company will develop a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of Council and committee meetings over the past year, the		NO	It follows that the requirement is respected

participation of administrators (in person and in absentia), and a report by the Council and committees on their activities.			
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.		NO	It's not necessary. The Board of Directors of the company consists of 5 members, most of which are non-executive directors.
A.11. The Board of Premium Companies should set up a nomination committee composed of non-executive members to lead the nomination of new members in the Council and make recommendations to the Council. Most of the members of the nomination committee must be independent.		NO	The company is not included in the Premium category.
B.1 The Board should set up an audit committee in which at least one member should be a non-executive non-executive. Most members, including the president, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of the members of the audit committee must be independent.		NO	There is no Audit Committee at present. To meet the conditions and the occurrence of necessity, it will be established.
B.2. The chair of the audit committee shall be an independent non-executive member.		NO	It's not necessary. See explanation B.1
B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.		NO	It's not necessary. See explanation B.1
B.4. The assessment should take into account the effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's Audit Committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the audit internal reports and the submission of relevant reports to the Council.		NO	It's not necessary. See explanation B.1
B.5. The Audit Committee should assess conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.		NO	It's not necessary. See explanation B.1
B.6. The audit committee should assess the effectiveness of the internal control system and risk management system.		NO	It's not necessary. See explanation B.1
B.7. The Audit Committee should monitor the application of generally accepted legal standards and auditing standards. The audit committee must receive and evaluate internal audit team reports.		NO	It's not necessary. See explanation B.1
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.		NO	It's not necessary. See explanation B.1
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by	YES		

the company with shareholders and their affiliates.			
B.10. The Council must adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Council following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall under the category events subject to reporting requirements.		NO	This requirement is to be reviewed at the level of the Board of Directors.
B.11. Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	YES		
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the management's responsibility to monitor and reduce risks, it must report directly to the Director General.		PARTIALLY RESPECT	The internal auditor reports directly to the Board of Directors and to the General Director as no audit committee is established.
C.1. The company must publish a remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period under review.		NO	It's going to be implemented
D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person (s) or organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	YES		
D.1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;	YES		
D.1.2. Professional CVs of members of the governing bodies of the company, other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions;		PARTIALLY RESPECT	The recommendation is not implemented with regard to other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions. This is going to be implemented.
D.1.3. Current reports and periodic reports (quarterly, semester and annual) - at least those under D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4. Informations on general shareholders' meetings: agenda and informative materials; the procedure for electing the members of the Council; the arguments that support candidates' proposals for election to the Council, together with their professional CVs; shareholders' questions about the items on the agenda and the company's replies,	YES		

including the decisions taken;			
D.1.5. Informations on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to such operations. Such information will be published within a timeframe that will allow investors to make investment decisions;	YES		
D.1.6. Name and contact details of a person who can provide on request relevant information;	YES		
D.1.7. Company presentations (e.g., investor presentations, quarterly results, etc.), financial statements (quarterly, semestrial, annual), audit reports and reports year.		PARTIALLY RESPECT	
D.2. The Company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the Director General or the Board of Directors and adopted by the Council in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.		NO	It's going to be implemented
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (the so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from forecasts originally presented. The forecasting policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.		NO	It's going to be implemented
D.4. The rules of general shareholders' meetings must not limit the participation of shareholders to general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders meeting.	YES		
D.5. External auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.		NO	
D.6. The Board will give a brief assessment to the Annual General Meeting of Shareholders on the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.		PARTIALLY RESPECT	
D.7. Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the President of the Council decides otherwise.		NO	
D.8. The quarterly and half-yearly financial reports will include both Romanian and English	YES		

information on the key factors that affect changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, and from one year to another.			
D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company's website at the dates of the meetings / teleconferences.		NO	The possibility of organizing such events will be evaluated against investor demand.
D.10. If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities, and considers that their impact on the innovation and competitiveness of society is part of its mission and development strategy, it will publish its activity policy in this area.		NO	Such a policy is not required at this time. To the extent that these activities will be considered to have an impact on the innovative nature and competitiveness of society and are part of its mission and development strategy, policy will be developed.

**SITUATION OF THE GLOBAL RESULT
at 31 december 2019**

- lei-

Crt. No.	NAME OF INDICATORS	31.12.2018	31.12.2019
1.	Net turnover of which	169.013.285	181.088.888
	Revenues from the sold production	165.492.961	178.254.955
	Revenues from the sale of goods	4.362.067	3.735.886
	Commercial discounts granted	841.743	901.953
2.	Revenues from stored production	11.678.571	14.203.886
3.	Revenues from the production of fixed assets	806.501	711.324
4.	Revenues from fixed assets intended for sale	1.137.270	251.939
5.	Revenues from operating grants	0	0
6.	Other revenues from exploitation	1.210.718	1.034.169
I.	REVENUES FROM EXPLOITATION	183.846.345	197.290.206
7.	Expenditures on goods	3.948.044	3.274.898
8.	Material expenditures	111.180.636	116.385.785
9.	Expenditures on works and services performed by third parties	5.192.790	6.678.154
10.	Expenses with taxes and fees	1.637.916	1.660.221
11.	Staff costs	42.860.290	47.348.645
12.	Other expenses with exploitation	972.881	1.068.405
13.	Expenses with depreciation and provisions	4.855.560	4.805.138
II.	EXPLOITATION EXPENSES	170.648.117	181.221.246
A.	RESULT FROM EXPLOITATION		
	- PROFIT	13.198.228	16.068.960
	-LOSS		
III.	FINANCIAL REVENUES	406.760	659.747
IV.	FINANCIAL EXPENSES	2.569.168	2.619.326
B.	FINANCIAL RESULT	-2.162.408	-1.959.579
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		

VII.	TOTAL REVENUES	184.253.105	197.949.953
VIII	TOTAL EXPENSES	173.217.285	183.840.572
D.	GROSS RESULT		
	- PROFIT	11.035.820	14.109.381
	- LOSS		
	TAX	1.627.827	2.016.142
E	REVENUES FROM BENEFIT FROM PROFIT	57.076	56.573
F.	NET RESULT		
	- PROFIT	9.465.069	12.149.812
	- LOSS		
G.	Number of shares	8.956.165	8.956.165
H.	Output per share	1,06	1,36

Individual Financial Statements
**SITUATION OF THE FINANCIAL POSITION AT
31.12.2019**

Denumirea indicatorilor	<u>31/12/2018</u>	<u>31/12/2019</u>
	-	
ASSETS		
Fixed assets	47,883,466	44,934,421
<i>Tangible assets</i>	34,442,009	32,738,526
<i>Intangible assets</i>	13,441,457	12,195,895
<i>Financial assets</i>		
Current assets	92,846,575	93,388,239
<i>Stocks</i>	47,380,857	46,274,992
<i>Commercial receivables</i>	40,017,842	45,770,456
<i>Financial assets of which</i>	14,397	14,397
<i>available for sale</i>	14,397	14,397
<i>Cash and cash equivalents</i>	5,129,059	992,778
<i>Prepayments</i>	304,420	335,616
TOTAL ASSETS	140,730,041	138,322,660
OWN CAPITAL AND LIABILITIES		
Own capitals		
<i>Subscribed and paid-up share capital</i>	22,390,413	22,390,413
<i>Other equity items</i>	89,052,449	89,052,449
<i>Reserves from reevaluation</i>	28,939,325	29,826,418
<i>Legal reserves</i>	879,516	822,943
<i>Other reserves</i>	4,974,689	4,478,083
<i>Own actions</i>	14,386,153	19,354,308
<i>Social Capital Adjustment</i>	0	0
<i>Reported result (without IAS 29)</i>	1,510,192	1,523,099
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	9,465,069	12,149,812

<i>Profit Distribution</i>		-662,997
Total own capitals	82,545,357	88,982,079
Long-term debt		
<i>Investment grants</i>	62,025	13,816
<i>Other long-term debts</i>	7,673	7,708
<i>Long-term provisions</i>		
Total long-term debts	69,698	21,524
Current debts		
<i>Investment grants</i>	256,144	68,490
<i>Commercial and other debts</i>	9,530,128	9,349,779
<i>Short-term loans</i>	41,949,052	31,286,160
<i>Tax and current tax liabilities</i>	6,379,662	8,614,628
<i>Short-term provisions</i>		
Total current debts	58,114,986	49,319,057
Total debts	58,184,684	49,340,581
TOTAL OWN CAPITALS AND DEBTS	140,730,041	138,322,660

SITUATION OF TREASURY FLOWS AT 31 DECEMBER 2019

INDICATORS LEI (RON)	ACCOMPLISHED 2018	ACCOMPLISHED 2019
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	6.294.132	5.129.059
<i>In accounts</i>	6.061.228	5.007.972
Cash	1.656	9.741
Other Values	231.248	111.346
Treasury advances	-	-
Values to receive	-	-
Encashments from the exploitation activity	222.743.086	244.988.856
Customer encashments	172.580.505	192.278.306
Other encashments	50.162.581	52.710.550
PAYMENT FOR THE EXPLOITATION ACTIVITY	222.393.902	247.974.366
Provider payments	121.591.831	128.113.581
Payments for staff	37.848.788	42.448.630
Payments on taxes and fees	20.176.381	20.887.947
Tax / Advantage	1.344.067	1.937.789
Interest payments	1.738.353	1.925.598
Other payments	39.694.482	52.660.821
CASH FLOW FROM THE EXPLOITATION ACTIVITY	349.184	-2.985.510
PROCEEDS FROM THE INVESTMENTS ACTIVITY	1.788.886	780.678
Proceeds from the sale of land, fixed assets and intangible assets	1.788.886	780.678
Proceeds from the sale of equity instruments and receivables from other enterprises	-	-
Proceeds from repayment of advances and loans to other parties	-	-
PAYMENT FROM THE INVESTMENTS ACTIVITY	3.303.143	1.931.449
Payments for the acquisition of land, fixed assets and intangible assets	3.303.143	1.931.449
Proceeds for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM THE INVESTMENT ACTIVITY	-1.514.257	-1.150.771
PROCEEDS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR THE FINANCING ACTIVITY	-	-
CASH FLOW FROM THE FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-1.165.073	-4.136.281
B. LIQUIDITIES AT THE END OF THE PERIOD	5.129.059	992.778
<i>In accounts</i>	5.007.972	514.213
Cash	9.741	4.534
Other Values	111.346	474.031
Treasury advances	-	-
Values to receive	-	-

THE BUDGET OF REVENUES AND EXPENDITURES

General Activity

RON

SPECIFICATION	N R. R D.	Predicted 2019	Realised 2019	PREDICTED 2020				
				TOTAL	TRIM I	TRIM II	TRIM III	TRIM IV
I. TOTAL REVENUES	01	168.200.000	197.949.953	176.610.000	35.300.000	47.110.000	47.100.000	47.100.000
1.Revenues from exploitation	02	167.400.000	197.290.206	175.875.000	35.153.000	46.970.000	46.904.000	46.848.000
2.Financial revenues	03	800.000	659.747	735.000	147.000	140.000	196.000	252.000
3.Exceptional revenues	04	-	-	-	-	-	-	-
II. TOTAL EXPENSES From which:	05	163.700.000	183.840.572	172.610.000	34.522.000	46.036.000	46.026.000	46.026.000
1. expenses for exploitation from which:	06	161.100.000	181.221.246	170.110.000	34.022.000	45.636.000	45.426.000	45.026.000
a) material expenses	07	91.750.000	109.415.133	102.500.000	19.500.000	28.000.000	28.000.000	27.000.000
b) staff expenses from which	08	42.450.000	44.641.730	45.315.000	11.160.900	11.381.300	11.381.300	11.391.500
- gross salaries	09	41.250.000	42.559.885	43.200.000	10.640.000	10.850.000	10.850.000	10.860.000
- Social asig. and soc. prot.	10	1.200.000	2.081.845	2.115.000	520.900	531.300	531.300	531.500
c) exploit. expenses reg. the amortization, provis.	11	4.900.000	4.805.138	4.850.000	1.212.500	1.212.500	1.212.500	1.212.500
d) protocol, advertisement, public, other	12	600.000	842.111	500.000	125.000	125.000	125.000	125.000
e) expens with lunch and gift vouchers	13	3.200.000	2.706.915	2.800.000	600.000	730.000	730.000	740.000
f) expen. with sponsorship	14	200.000	873.125	500.000	125.000	125.000	125.000	125.000
g) other expens with exp.	12	18.000.000	17.937.094	13.645.000	1.298.600	4.062.200	3.852.200	4.432.000
2. Financial expenses	13	2.600.000	2.619.326	2.500.000	500.000	400.000	600.000	1.000.000
3. Exceptional expenses	14	-	-	-	-	-	-	-
4. Covering the losses of the previous year	15	-	-	-	-	-	-	-
III .GROSS RESULT OF EXERCISE	16	4.500.000	14.109.381	4.000.000	778.000	1.074.000	1.074.000	1.074.000
IV. Profit tax	17	720.000	2.016.142	640.000	124.480	171.840	171.840	171.840
V.NET RESULT OF THE EXERCISE	18	3.780.000	12.149.812	3.360.000	653.520	902.160	902.160	902.160
VI. Legal reserves	19	-	-	-	-	-	-	-

Individual Financial

Statements

The statement of changes in equity for the year ended la 31 DECEMBER 2018 and 31

DECEMBER2019

	Social capital	Social capital adjustments	Profit or Loss	Legal reserve	Revaluation reserve	Other reserves	Reported result	Result IAS29	Profit Distribution	Other elements of own capitals	Own actions	Distribution on profit	TOTAL
Balance at 01 January 2018	24,873,443	89,052,449	6,134,163	4,974,689	29,250,789	16,492,991	1,198,729	-89,052,449	0	936,592	6,952,949	0	76,908,447
Global result of the period													
The profit of the exercise			9,465,069										9,465,069
Other elements of the global result of which:													
Surplus from revaluation of tangible assets													
Decrease of the reserve from revaluation-deferred tax recording					-311,464					-57,076			-368,540
Total other elements of the overall result					-311,464					-57,076			-368,540
Total global result of the period			9,465,069		-311,464					-57,076			9,096,529
Other elements													
Resume of revaluation reserve to retained earnings							311,463						311,463
Increase legal reserve													
Other elements			-6,134,163			-2,106,838	3,771,082		4,469,919				
Total other elements			-6,134,163	0		-2,106,838	4,082,545		4,469,919				311,463
Transactions with shareholders recognized directly in own capital													
	-2,483,030								-4,469,919		6,952,949		

Distribution of dividends								-3,771,082						-3,771,082
Total transactions with owners	-2,483,030							-3,771,082		-4,469,919		6,952,949		-3,771,082
Balance at 31 DECEMBER 2018	22,390,413	89,052,449	9,465,069	4,974,689	28,939,325	14,386,153	1,510,192	-89,052,449	0	879,516	0	0	0	82,545,357
Sold 01.01.2019	22,390,413	89,052,449	9,465,069	4,974,689	28,939,325	14,386,153	1,510,192	-89,052,449	0	879,516	0	0	0	82,545,357
Total global result of the period														
The profit of the exercise			12,149,812											12,149,812
Other elements of the global result of which:														
Surplus from revaluation of tangible assets														
Decrease of the reserve from revaluation-deferred tax recording								-12,907				-56,573		-69,480
Total other elements of the overall result								-12,907				-56,573		-69,480
Total global result of the period			12,149,812									-56,573		12,080,332
The profit of the exercise														
Other elements of the global result of which:								12,907						12,907
Surplus from revaluation of tangible assets														-496,606
Decrease of the reserve from revaluation-deferred tax recording														
Total other elements of the overall result			-9,465,069	-496,606			4,968,155	5,656,517					-662,997	496,606
Total global result of the period			-9,465,069	-496,606			4,968,155	5,669,424					-662,997	12,907
The profit of the exercise								-5,656,517						-5,656,517
Other elements of the global result of which:								-5,656,517						-5,656,517
Balance at 31 DECEMBER 2019	22,390,413	89,052,449	12,149,812	4,478,083	28,926,418	19,354,308	1,523,099	-89,052,449	0	822,943	0	-662,997	0	88,982,079

Notes to the financial statements

For the financial year ended 31 December 2019

1. The reporting entity

SC ARTEGO SA TG-JIU, (Society) is established in 1991 and operates in Romania in accordance with the provisions of Law 31/1990 on the commercial companies and Law 297/2004 on the capital market.

The company is based in Ciocarlau Street, no. 38 , Tg-Jiu, Gorj county.

According to the statute, the main activity of the company has the CAEN code 2219 - "Manufacture of other rubber products".

The record of the shares and the shareholders is kept under the conditions of the law by the Central Depository.

2. Basics of drawing up

(a) Declaration of conformity

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with the provisions of OMFP 2844/2016 with subsequent amendments and completions.

The Company applies International Financial Reporting Standards as approved by the European Union at the preparation of the separate financial statements ended 31 December 2017, in accordance with OMF no. 881/2012. This order states that starting with the 2012 financial year, the annual financial statements will be drawn up in accordance with the IFRS, this order being applicable to the companies whose securities are admitted to trading on a regulated market.

The Company's accounting records are maintained in RON in accordance with the Romanian Accounting Regulations ("RCR"). These accounts have been restated to reflect the differences between RCR and IFRS accounts. Accordingly, RCR accounts were adjusted, if necessary, to harmonize these separate financial statements in all material respects , with IFRS.

(b) Presentation of the financial statements

The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements".

(c) The basics of evaluation

The separate financial statements are carried at historical cost, except for certain classes of property, plant and equipment that are revalued.

The share capital is adjusted according to the International Accounting Standard ("SIC") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003.

The management believes that the Company will operate in the predictable future and, in the long run, the application of the business continuity principle in the preparation of the financial statements is considered appropriate. The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements". The Company has adopted a liquidity-based presentation in the balance sheet and a presentation of income and expenses by nature in the profit and loss account, considering that these disclosures provide informations that is more credible and relevant than those that would be presented.

(d) Functional and presentation currency

The company's management considers that the functional currency, as defined by IAS 21 "Effects of Foreign Exchange Rates", is LEI or RON. The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the company's management chosed as the presentation currency.

(e) Using estimates and judgments

The preparation of the financial statements in accordance with IFRS adopted by the European Union involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as on other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments relating to the carrying amounts of assets and liabilities that can not be obtained from other sources of informations. The obtained results may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. The revisions of the accounting estimates are recognized in the period in which the estimate is reviewed if the review affects only that period or the period in which the estimate is reviewed and the future periods if the review affects both the current period and future periods.

The judgments made by management in the application of IFRS have a material effect on the financial statements and estimates that involve a significant risk.

3. Significant accounting policies

The accounting policies presented below have been applied consistently over all periods presented in these separate financial statements.

(a) Branches and associated entities

The subsidiaries are entities under the control of the company. The control exists when the company has the power to direct, directly or indirectly, the financial and operating policies of an entity to obtain benefits from its business. The associated entities are those companies in which the company may exert a significant influence, but not control over financial and operational policies.

The company does not have associated companies.

(b) Transactions in foreign currency

The operations denominated in foreign currency are recorded in RON at the official exchange rate at the settlement date of the transactions. The monetary assets and liabilities recorded in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate on that day. The interests or losses from their settlement and from conversion using the exchange rate at the end of the month or at the end of the financial year, of monetary assets and liabilities denominated in foreign currency are recognized in the income and loss statement.

The exchange rates of the main foreign currencies were:

Currency	31 dec.2015	31 dec.2016	31 dec.2017	31dec.2018	31.12.2019
Euro (EUR)	4,5245	4,5411	4,6597	4,6639	4,7793
Dolarul American(USD)	4,1477	4,3033	3,8915	4,0736	4,2608
Lira sterlina (GBR)	6,1466	5,2961	5,2530	5,1931	5,6088

c) Financial Instruments

Financial risk management

The company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk. The company's management focuses on the unpredictability of the financial market and seeks to minimize the potential adverse effects of the company's financial performance. The market risk is the risk that causes changes in market prices as well as currency exchange and interest rate that will affect the company's revenues.

The company has no formal commitments to combat financial risks. Despite the absence of formal commitments, the financial risks are monitored by the company's management, focusing on the society's needs to effectively address opportunities and threats.

Interest rate risk

The company's operating cash flows are affected by interest of the rate fluctuations, mainly due to the borrowing in foreign currency contacted by the financing banks.

The cash risk of the interest rate is the risk that the interest, and hence the expense, fluctuates.

Currency risk

The company may be exposed to the exchange rate fluctuations through cash and cash equivalents, trade receivables or trade payables denominated in foreign currency.

The currency used on the domestic market is the Romanian leu. The company is exposed to foreign currency cash and cash equivalents, purchases and borrowings made in a currency other than that used on the domestic market. The currencies that expose the company to this risk are mainly EUR, USD, and GBP. The foreign currency loans are subsequently denominated in RON, at the exchange rate of the banking day of each month, communicated by the National Bank of Romania. The resulting differences are included in the income and loss statement.

The credit risk

The credit risk is the risk that the company will incur a financial loss as a result of non-fulfillment of the contractual obligations by a client or a counterparty to a financial instrument, and this risk arises mainly from trade receivables and cash and cash equivalents.

On 31 December 2017, the company holds cash and cash equivalents in the amount of 6.294.132lei. The cash and cash equivalents are held at banks including: Unicredit Tiriac, Garanti ,Intesa,ING Bank,Credit Europe.

The liquidity risk

The liquidity risk is the risk that the company encounters difficulties in meeting the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, availability of funding through appropriate credit facilities. The company's liquidity policy is to maintain sufficient liquidity to meet its obligations as they reach maturity.

The fair value of financial instruments

The fair value is the amount at which the financial instrument may change in ordinary transactions other than those determined by liquidation or forced sale. The fair values are obtained from quoted market prices or cash flow models as appropriate. On 31 December 2017, the cash and other cash, the customers and the assimilated accounts, the trade payables and other payables are approaching their real value due to their short maturity. The management considers that the estimated value of these instruments is close to their carrying amount.

The capital risk management

The objectives of the company when managing the capital are to maintain the company's ability to continue operating in order to obtain benefits for shareholders and other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

Accounting for the effect of hyperinflation

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the acquisition date or contribution).

According to IAS 29, an economy is considered to be hyperinflationary if, in addition to other factors, the cumulative inflation rate over a three year period exceeds 100%.

The continued decrease in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the company has ceased to be hyperinflationary, with effect on the financial periods beginning on 1 January 2004, thus IAS 29 was adopted in the preparation of the separate financial statements until 31 December 2003.

Thus, the amounts expressed in the current measurement unit at 31 December 2003 are treated as the basis for the carrying amounts reported in these separate financial statements and are not valued, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would happen at this time.

For the purpose of preparing the separate financial statements at 31 December 2012, the company adjusted its share capital (non-monetary item) to be expressed in the current measurement unit at 31 December 2003.

Tangible assets

The tangible assets are assets that: are held by an entity for use in the production of goods or the provision of services to be leased to third parties or to be used for administrative purposes and are used for a period longer than one year .

Purchase costs include purchase price, import taxes and other taxes (except those that the legal entity can recover from the tax authorities), transport, handling and other expenses that can be directly attributable to the acquisition of those goods.

The valuation of property, plant and equipment at the balance sheet date is carried at cost, less depreciation and accumulated impairment adjustments, or revalued, being the fair value at the revaluation date, less any cumulative subsequent depreciation and any accumulated impairment losses.

Damping times are as follows:

Buildings and construction	40-60 years
Equipments	15-40 years
Means of transport	5-8 years
Office furniture and equipment	3-5 years

Intangible assets

An intangible asset is an identifiable, non-cash asset with no material support and held for use in the production or supply of goods or services to be leased to third parties or for administrative purposes.

An intangible asset fulfills the criterion of being identifiable when:

- is separable, it may be segregated or divided by the entity and sold, transferred, authorized, leased or exchanged either individually or together with an appropriate contract, identifiable asset or identifiable debt, or deriving from contractual or other legal rights, whether those rights are transferable or severable by the entity or other rights and obligations.

The intangible assets acquired by the company are stated at cost less cumulative depreciation and provision for depreciation of intangible assets. The amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Receivables

The commercial receivables are initially recorded at the invoiced amount and subsequently those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month. A depreciation provision is made when there is a clear evidence that the receivables will not be collected at the set time.

Stocks

The stocks are made up of:

- raw materials, materials, spare parts and other consumables to be used in the course of the company's core business.

These materials are recorded as stocks at the time of purchase and are expensed at the time of consumption.

The stocks are measured at the lowest cost and net realizable value. The cost of inventories is determined based on the FIFO method and includes the expense incurred in purchasing the stocks.

Money availability

The cash and cash equivalents include house, current accounts, bank deposits, meal vouchers, stamps and checks and promissory notes received by the company.

The revaluation reserves

After the recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably, it is accounted for at a revalued amount, that is its fair value at the revaluation date minus any subsequent accumulated depreciation and any accumulated impairment losses. To be done with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase should be recorded directly in equity in the item "Revaluation reserves".

However, the increase is recognized in profit or loss to the extent that it compensates for a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, that decrease is recognized in profit or loss. However, the impairment should be debited directly from equity to the item "Revaluation reserves" in so far as there is a credit balance in the revaluation surplus for this asset.

The revaluation surplus included in the equity of an item of property, plant and equipment is transferred directly to the retained earnings as the revalued tangible assets are depreciated and when the asset is recognizable.

Starting from 1 May 2009, the statutory reserves from the revaluation of fixed assets, including land, after 1 January 2004, which are deducted in the calculation of taxable profit through tax amortization or disposal costs and /or tax at the same time as the deduction of tax depreciation, respectively at the time of decrease of these fixed assets.

Statutory reserves from the revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of revaluation made after 1 January 2004 for the period ending 30 April 2009, will not be taxed at the time of the transfer to the reserves representing the surplus realized of the revaluation reserves.

The reserves made are taxed in the future in the event of a change in the destination of the reserves in any form, in the event of liquidation, merger, including its use to cover the accounting losses, except for the transfer after 1 May 2009, of the reserves for the evaluations made after 1 January 2004 , which are taxed at the same time as deducting tax depreciation.

Social capital

The company recognizes the changes in the share capital under the conditions provided by the legislation in force only after their approval in the General Meeting of Shareholders and their registration with the Trade Registry Office.

Dividends

The dividends are recognized as a liability in the period in which their allocation is approved.

Suppliers and assimilated accounts

The debts to suppliers and other debts include the value of the invoices issued by suppliers of manufactured finished products, executed works and services.

Loans

The loans are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, the loans are recorded at amortized cost, any difference between cost and reimbursement being recognized in the income statement over the period of the loan.

Profit tax

The profit tax expense comprises current tax and deferred tax. The current and deferred tax is recognized in the income statement unless it is recognized directly in equity or other comprehensive income.

Current tax

The current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in previous years using tax rates adopted or largely adopted at the reporting date and any adjustment to the related tax liability payable of previous years.

Deffered tax

The deferred tax is recognized for the temporary differences that occur between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

The deferred tax assessment reflects the tax consequences that arise from the way the company expects to recover or settle the value of its assets and liabilities at the end of the reporting period. The deferred tax assets are reviewed at each reporting date and are diminished to the extent that they are which is no longer possible to achieve the related tax benefit.

Benefits of the employees

Benefits of short-term employees

The obligations on short-term benefits are assessed without being updated and are recognized as expenses as services are rendered. A provision is recognized at the amount that is expected to be paid for short-term benefits in the form of bonuses or employee participation in profit only if the Company has a present, legal or constructive obligation to pay that amount for past service provided by employees, and this obligation can be estimated at fair value. The benefits of short-term employees are mainly payroll.

In the normal course of business, the company makes payments on behalf of its employees to the pension fund. All the company's employees are members of the Romanian State Pension Plan.

Funding costs

The company does not capitalize the cost of the loans because it does not have long-term loans.

The interest income and interest expense are recognized in the income statement when they are paid.

Subsidies

The subsidies are initially recognized as prepaid earnings at fair value when there is reasonable assurance that they will be received and the company will comply with the grant-related conditions and then are recognized in the income statement as other income over the life of the asset to which it refers. The subsidies are related to assets. The non-reimbursable funds are recognized as assets when there is reasonable assurance that they will be received and the related conditions will be met.

Provisions

A provision is recognized at that time and only when the following conditions are met: the company has a current (legal and implicit) obligation as a result of a past event, it is probable (more likely than unlikely) that an outflow of resources representing economic benefits to be required to settle the obligation, when a fair estimate of the amount of the obligation can be made.

Output per share

In accordance with SIC33 "Earnings per share", the earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders to the weighted average of the outstanding ordinary shares of the period.

The weighted average of shares in circulation during the exercise is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were in circulation during the exercise.

The dilution is a reduction in earnings per share or an increase in share losses resulting from the convertibility of convertible instruments, options or warrants are exercised or ordinary shares are issued subject to certain specified conditions. The diluted earnings per share object is consistent with that of the basic share result, namely, to evaluate the interest of each ordinary share in the performance of an entity.

Contingents

The contingent liabilities are not recognized in the accompanying financial statements. These are presented if the outflow of resources embodying economic benefits becomes possible and not probable.

A contingent asset is not recognized in the accompanying financial statements but is presented when an economic benefit is probable.

Reporting on segments

A segment is a distinct component of the company that provides certain products or services (segment of activity) or provides products or services in a particular geographical environment (geographic segment) and which is subject to risks and benefits different from those of other segments.

The company carries out its operations in a single location in Romania. The company's management considers all of their operations as "one segment".

Operating segments are examined in a consistent manner by the entity's principal operational decision-maker for making decisions about segment allocation and performance appraisal, and for which distinct financial information is available.

An entity must report revenue from external customers for each product and service, or for similar products or services, unless the required information is not available and the cost of developing it would be excessive, in which case it should be disclosed. The reporting must take into account the financial information used to prepare the entity's financial statements.

The deliveries made by the Company during the year 2019 at the domestic level amount to 99.986.867 lei, of which the main clients are:

Complexul Energetic Oltenia	62.023.157 lei
Arcelormittal Galati	5.397.343 lei
Apenin Tg Jiu	4.425.681 lei
CET Govora	4.030.534 lei
BVH Rubber Trade Tg-Jiu	2.725.521 lei
Liberty Galati	1.733.361 lei
Elastimpex Tg Jiu	571.432 lei
Arelot Tg Jiu	327.236 lei
Scorta Comprest Tg Jiu	296.338 lei
Arcelormittal Hunedoara	214.830 lei

Between 1 January 2019 and 31 December 2019, the Company recorded exports as follows:

Total Deliveries to Export 19.967.319 EURO (94.788.398 ron) of which:

Outside the European Union 520.625 euros

Within the European Union 19.446.694 euros

The main products manufactured by the Company are:

General purpose textile insertion strips;

Antistatic and flame resistant textile insertion strips;

Antistatic and Flame Resistant Fasteners for Underground;

General purpose metallic insertion tapes;

Antistatic and Flame-resistant Mouth Stripes;

Reconditioning Used Drums;

Technical Sheets and Carpets;

Car's accesories;

Molded gaskets;

Cloth gaskets;

Elastic couplings;

O rings, etc.

Implications of the new International Financial Reporting Standards (SIRF EU)

New standards and interpretations as approved by the European Union

A number of new standards, amendments to standards and interpretations are applicable to annual periods beginning on or after 1 January 2012 and have not been applied in the preparation of these separate financial statements. None of the new standards expects to have a material effect on the company's financial statements.

New standards not yet applicable on 31 December 2019

International Accounting Standard (SIC) 19 (2011) Employee Benefits (effective for periods beginning on or after 1 January 2013).

This amendment is not relevant to the company's financial statements, as the company's current policy is to immediately recognize earnings and losses in the income statement.

The Company does not apply IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Engagement and IFRS 12 Presentation of Interests in Other Entities.

Fixed assets 2019

NOTA 1

- lei -

Denumirea elementului de imobilizare	Gross value				Value adjustments (Depreciation and amortization for depreciation or loss)			
	Balance at 1 January 2019	Increases	Releases, transfers and other discounts	Balance at 31 December 2019	Balance at 1 January 2019	Adjustments recorded during the exercise	Discounts or repeats	Balance at 31 December 2019
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
A. FIXED ASSETS								
I. INTANGIBLE ASSETS								
1. Establishment costs	-	-	-	-	-	-	-	-
2. Development costs	4.112.519	-	-	4.112.519	4.112.519	-	-	4.112.519
3. Concessions, patents, licenses and other assets	27.710.737	538.117	1.554	28.247.300	14.269.280	1.783.679	1.554	16.051.405
4. Commercial fund	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	31.823.256	538.117	1.554	32.359.819	18.381.799	1.783.679	1.554	20.163.924
II. TANGIBLE ASSETS								
1. Lands	12.946.749	-	8.830	12.937.919	120.096	13.325	-	133.421

2. Constructions	43.808.089	62.155	78.840	43.791.404	28.519.782	1.189.881	21.559	29.688.104
3. Technological equipments	43.528.168	1.168.342	72.014	44.624.496	39.502.576	1.228.970	72.013	40.659.533
4. Measuring, control and regulating machines and installations	2.211.795	130.199	81.927	2.260.067	1.944.401	119.686	79.759	1.984.328
5. Transport means	6.235.350	398.214	75.505	6.558.059	4.956.250	448.310	75.505	5.329.055
6. Furniture, equipment, office and other tangible assets	594.264	65.594	1.455	658.403	421.005	21.286	1.455	440.836
7. Advances and tangible assets in progress	581.704	710.611	1.148.860	143.455	-	-	-	-
TOTAL:	109.906.119	2.535.115	1.467.431	110.973.803	75.464.110	3.021.458	250.291	78.235.277
III. FINANCIAL ASSETS								
1. Holdings held by the group companies	-	-	-	-	-	-	-	-
2. Receivables on the group companies	-	-	-	-	-	-	-	-
3. Securities in the form of participation interests	-	-	-	-	-	-	-	-
4. Interest debts	-	-	-	-	-	-	-	-
5. Titles held as fixed assets	-	-	-	-	-	-	-	-
6. Other debts	-	-	-	-	-	-	-	-
7. Own actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS – TOTAL	141.729.375	3.073.232	1.468.985	143.333.622	93.845.909	4.805.137	251.845	98.399.201

Fixed assets in the Company's assets are amortized using the straight-line method. The last revaluation was carried out at the end of 2012 by the authorized ANEVAR Valuer who changed the gross carrying amount of the asset after revaluation using the proportionate treatment of the cumulative depreciation. On December 31, 2018, the valuation of the buildings for the determination of the taxable value was made.

Provisions for risks and expenses

NOTA 2

- lei -

Provision	Balance at 1 january 2019	Transfers		Balance at 31 december 2019
		In account	In account	
0	1	2	3	4=1+2-3
Provisions for depreciation of receivables - clients	430.319	-	-	430.319
Provisions for depreciation of receivables - various debtors	261.355	-	-	261.355

**Distribution of profit
la 31.12.2019**

- lei –

Profit destination	Suma
Net profit to be distributed:	12.149.812
- covering the accounting loss resulting from corrections	662.997
- legal reserve	-
- dividends	-
- other reservations	6.222.206
- UNDISTRIBUTED PROFIT	5.264.609
	-

Analysis of operating result

NOTE NO. 4

Indicator	Previous exercise – 2018	Current exercise – 2019
0	2	
1. Net turnover	169.013.286	181.088.888
2. Cost of goods sold and services (3 + 4 + 5 + 6), of which:	152.347.351	159.609.975
3. Expenditure on core business	95.209.325	96.561.645
4. Expenditure on ancillary activities	21.365.379	26.291.119
5. Indirect Production Expenses	31.274.551	32.858.313

lei

6. Expenditure on goods and packaging sold	4.498.096	3.898.898
7. Gross turnover figure (1-2)	16.665.935	21.478.913
8. Expenditure on disposal	2.631.071	3.448.815
9. General administration expenses	2.844.602	3.650.799
10. Other operating income	14.833.059	16.201.318
11. Expenses related to other operating income	12.825.093	14.511.657
12. Total operating income (1 + 10)	183.846.345	197.290.206
13. Total operating expenses (2 + 8 + 9 + 11)	170.648.117	181.221.246
14. Operating result (12-13)	13.198.228	16.068.960

Debt and Debt Situation

NOTE 5

- lei -

Debt	Balance at 31 december 2019 (col. 2+3)	Liquidity deadline	
		sub 1 an	peste 1 an
0	1	2	3
Total			
From which:	45.770.456	45.770.456	-
Suppliers - debtors	650.495	650.495	-
Customers	36.363.368	36.363.368	-
Other claims	8.756.593	8.756.593	-

- lei -

Debts	Balance at 31 december 2019 (col. 2+3+4)	Exigible term		
		under 1 year	1-5 years	over 5 years

0	1	2	3	4
Total From which:	49.258.275	49.250.567	7.708	-
1. The state budget	2.335.744	2.335.744	-	-
- tax	750.101	750.101	-	-
- dividend tax	28.648	28.648	-	-
- income tax on salaries	352.517	352.517	-	-
- VAT on payment	1.204.478	1.204.478	-	-
-dobanzi	564.342	564.342	-	--
-penalties	513.104	513.104	--	-
2. Special Fund Budgets	4.064	4.064	-	-
- CASS	47.174	47.174	-	-
- average fund	1.410.923	1.410.923	-	-
- solidarity fund for people with disabilities	1.295.234	1.295.234	-	-
3. Social insurance budgets	115.689	115.689	-	-
- CAS	2.616	2.616	-	-
- 0.5% unemployment	-	-	-	-
- 0.75% unemployment	-	-	-	-
- 0,214% fund accidents	43.266	43.266	-	-
4. Other taxes, fees, payments	-	-	-	-
5. Other assimilated loans and debts - leasing	1.543	1.543	-	-
6. Loans related to other assimilated loans and debts - leasing	1.088.877	1.088.877	-	-
7. Staff - due wages	7.708	-	7.708	
8. Personal - Medical leave	14.649	14.649		
9. Unmanned personnel rights	13.975	13.975	-	-
10. Deductions from wages due to foreigners	3.098.183	3.098.183	-	-
11. Managed guarantors	31.286.160	31.286.160	-	-
12. Ineligible VAT	9.046.723	9.046.723	-	-
13. Various creditors	303.056	303.056	-	-
14. Dividends	40.510	40.510	-	-
15. Loans	-	-	-	-
16 Suppliers				
17. Creditors				
18. Interest to pay				
19. Long-term credits				

Stocks

On 31 December 2019, compared to 31 December 2018 stocks are presented as follows:

Elements	31 dec 2018	31 dec 2019
1. Raw materials and consumables	34.377.035	35.155.370
2. Fixed assets held for sale	1.972.183	1.749.463
3. Production under execution	20.226	112.884
4. Finished goods and commodities	9.745.041	8.176.077
5. Advances	1.266.372	1.081.198
TOTAL	47.380.857	46.274.992

The Company's method of assessing outputs is the FIFO method.

The Company does not have pledged stocks in the debt account. Stocks are reflected in company records at their acquisition cost, which includes the purchase price, import duties and other non-recoverable taxes, transportation costs, handling and other costs that can be directly attributed.

Clients and assimilated accounts

On 31 December 2019, compared to 31 December 2018, the clients and assimilated accounts are shown as follows:

Elements	31 dec 2018	31 dec 2019
1. Commercial receivables	35.395.225	44.245.073
2. Paid advances	748.516	650.495
3. Other debts	3.874.101	874.888
TOTAL	40.017.842	45.770.456

The deliveries made by the Company during the year 2019 at the domestic level amount to 99.986.867 lei, of which the main clients are:

Complexul Energetic Oltenia	62.023.157 lei
Arcelormittal Galati	5.397.343 lei
Apenin Tg Jiu	4.425.681 lei
CET Govora	4.030.534 lei
BVH Rubber Trade Tg-Jiu	2.725.521 lei
Liberty Galati	1.733.361 lei
Elastimpex Tg Jiu	571.432 lei
Arelot Tg Jiu	327.236 lei
Scorta Comprest Tg Jiu	296.338 lei
Arcelormittal Hunedoara	214.830 lei

Between 1 January 2019 and 31 December 2019, the Company recorded exports as follows:

Total Deliveries to Export 19.967.319 EURO (94.788.398 ron) of which:

Outside the European Union 520.625 euros

Within the European Union 19.446.694 euros

EURO

ANGLIA	2.960.298,58
AUSTRIA	27.597,83
BELGIA	188.320,82
BOSNIA &HERZEGOVINA	5.125,04
BULGARIA	295.444,82
CEHIA	10.579,84
DUBAI	34.769,68
EGIP	33.477,72
ESTONIA	10.582,60
FINLANDA	848.463,14
FRANTA	2.572.580,19
GERMANIA	6.409.113,48
GRECIA	57.104,73
ITALIA	247.672,14
LITUANIA	10.679,83
MACEDONIA	10.412,70

MOLDOVA	18.646,54
NORVEGIA	5.495,00
OLANDA	1.552.207,44
POLONIA	40.847,33
RUSIA	11.871,32
SERBIA	270.536,37
SPANIA	3.924.233,85
SLOVACIA	76.578,12
SLOVENIA	7.758,68
TURCIA	40.689,33
UCRANIA	48.753,54
UNGARIA	247.477,86
TOTAL	19.967.318,52

Financial assets available for sale

On 31 September 2019, as compared to 31 December 2018, short-term investments are as follows:

Elements	31 dec.2018	31 dec. 2019
Short-term investments	14.397	14.397
TOTAL	14.397	14.397

The balance on 31 December 2019 in the amount of 14.397 lei is the equivalent of the shares acquired in previous years from IFB Invest Tg-Jiu, which in the meantime dissolved.

The share of financial assets for sale in the company's capital is insignificant.

The company does not hold interests in other companies. In this respect, the company has not received dividends from other companies.

Prepayments

On 31 December 2019, compared to 31 December 2018 prepayments are as follows:

Elements	31 dec. 2018	31 dec. 2019
Prepayments	304.420	335.616
TOTAL	304.420	335.616

The balance on 31 December 2019 in the amount of 335.616 lei, represents the expenses made in advance for: insurance in favor of the banks for the granted credits, automobile diagrams, vocational training courses, rents paid in advance for renting various equipments.

Cash and cash equivalents

On 31 December 2019, compared to 31 December 2018 cash and cash equivalents are presented in this way:

Elements	31 dec 2018	31 dec 2019
Current accounts at banks and deposits	5.007.972	514.213
Cash - lei	9.741	4.534
Cash - foreign currency		
Other equivalents in cash	111.346	474.031
TOTAL	5.129.059	992.778

Capitalul Social

On 31 December 2019 and 31 December 2018, the share capital includes the effects of the restatements recorded in previous years, according to the application of the "SIC" 29 "Financial Reporting in Hyperinflationary Economies. Reconciliation of social capital is as follows:

Social capital (nominal value)	22.390.413
Differences related to the retratation according to SIC 29	89.052.449
The balance of social capital (restated)	<u>111.442.862</u>

At the end of each reporting period, the subscribed and paid-up share capital of the company in the amount of 22.390.413 is divided into 8.956.165 ordinary shares with a nominal value of 2,5 lei per share and corresponds to the one registered with the Trade Registry Office.

The shareholding structure on 31 December 2017 is as follows:

Shareholders	Nominal value per share	Number of shares held	Total value	% of the social capital
<i>ASSOCIATION OF THE EMPLOYEES PAS ARTEGO</i>	2,50	6.968.820	17.422.050,00	77,8103%
<i>Other legal entities</i>	2,50	1.133.091	2.832.728,00	12,6515%
<i>Other individuals</i>	2,50	854.252	2.135.630,00	9,5382%
<i>THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</i>	2,50	2	5,00	0.0000%
TOTAL	2,50	8.956.165	22.390.413,00	100,000%

Legal reserves

The legal reserves amount to 4,478,083 lei as of December 31, 2019. The company transferred to the legal reserve 5% of the annual accounting profit (Law 571/2003) the cumulative balance reaching 20% of the paid up share capital.

Revaluation reserves

The revaluation reserve amounts to 28,926,418 lei as of December 31, 2019.

Other reservations

As of December 31, 2019, compared to December 31, 2018, other reserves have the following levels:

Elements	31 dec.2018	31 dec.2019
Other reserves	14.386.153	19.354.308
Total	14.386.153	19.354.308

Other elements of equity

As of December 31, 2019, the amount of 822,943 lei represents the deferred tax related to the revaluations in balance made after January 1, 2004, diminished by the deferred tax related to the depreciation of the revaluation recorded on costs during the 12 months of 2019.

Grants for investments

The income recorded in advance is represented by the subsidies received for investments as reimbursable for the project carried out in the previous years through the axis of the Increasing of the Economic Competitiveness and records the following decreasing levels until the full amortization of the objectives put into operation, as follows:

Elements	31 dec. 2018	31 dec.2019
1. Investment grants	318.169	82.306
Total	318.169	82.306

Short-term loans

The company has credit lines at UNICREDIT ,INTESA, ING BANK , GARANTI and CREDIT EUROPE as follows:

Bank	31.12.2018		Banca	31.12.2019	
	Approved	Used		Approved	Used
GARANTI lei	1.000.000	1.000.000	GARANTI lei	922.000	922.000
GARANTI(SGB)lei	2.000.000	1.314.496	GARANTI(SGB)lei	2.078.000	2.077.924
UNICREDIT lei	28.300.00 0	24.148.950	UNICREDIT lei	28.300.000	9.270.931
UNICREDIT(SGB)lei	2.200.000	2.114.332	UNICREDIT(SGB)lei	2.200.000	2.165.306
INTESA lei	11.000.00 0	9.355.298	INTESA lei	11.000.000	10.619.462

ING BANK lei	1.400.000	502.065	ING BANK EUR	400.000	363.431
CREDIT EUROPE lei	8.900.000	6.942.739	CREDIT EUROPE lei	8.900.000	8.736.823

Imprumuturi pe termen lung

Societatea nu are contractate credite pe termen lung cu unitatile bancare sau alte institutii financiare.

Long-term loans

The company does not have long-term loans with banks or other financial institutions.

Output per share

On 31 December 2019 compared to 31 December 2018, the earnings per share is:

	31 dec. 2018	31 dec. 2019
Profit of the period	9.465.069	12.149.812
Number of ordinary shares at the beginning and the end of the period	8.956.165	8.956.165
The base and diluted earnings per share (lei/share)	1,06	1,36

Dividends

According to the AGM decision dated April 16, 2019, the dividends due to the shareholders for 2018 were distributed in the amount of 5.662.209 lei, returning on share a net dividend of RON 0.60. Alte impozite si obligatii pentru bugetul de stat si asigurarile sociale

Elemente	31 dec.2018	31 dec.2019
Elements	994.758	2.335.744

1. State budget	671.748	750.101
- tax on profit	303.960	352.517
- tax on dividends	19.050	28.648
- tax on salaries	-	1.204.478
2. Special fund budgets	484.973	564.342
- CASS	432.692	513.104
- average fund	10.747	4.064
- solidarity fund for people with disabilities	41.534	47.174
3. Social security budgets	1.189.621	1.410.923
- CAS	1.092.092	1.295.234
- 0,5% somaj	-	-
- 0,75% somaj	-	-
- 0,214 % fond accidente	-	-
-2,25% CASM	97.529	115.689
4. Other taxes, fees, payments	2.669	2.616

Profit tax

The current and deferred profit tax of the Company for 2019 and 2018 is determined at a statutory rate of 16%, being in force in the financial year 2019 and 2018 respectively.

The income tax expense for 2019 and 2018 is as follows:

	2018	2019
Current income tax	1.627.827	2.016.142
Profit tax deferred		
Total	1.627.827	2.016.142
Reconciliation of the effective tax rate	2018	2019
	11.035.820	14.109.381
Profit before tax on profit	1.765.731	2.257.501

Profit tax at statutory rate of 16%	329.471	368.756
Effect of Non-deductible Expenses		
Effect of non-taxable income		
Tax revaluation reserve		
Legal reserve		
Deferred tax reversal	-467.375	-610.115
Other effects	1.627.827	2.016.142

Revenues from exploitation

Elements	31 dec. 2018	31 dec. 2019
Sold production	165.492.961	178.254.955
Revenues from sale of goods	4.362.067	3.735.886
Commercial discounts granted	841.743	901.953
Revenues related to the cost of product stocks	11.678.571	14.203.886
Revenues from the production of fixed assets	806.501	711.324
Revenues from fixed assets for sale	1.137.270	251.939
Revenues from operating grants	-	-
Other revenues from exploitation	1.210.718	1.034.169
Total revenues from exploitation	183.846.345	197.290.206

In accordance with the provisions of IAS 18 Revenue, revenues must:

- evaluated at the fair value of the consideration received or receivable;
- to take into account the value of any commercial discounts and quantity discounts allowed;
- the difference between the fair value and the nominal value of the consideration must be recognized as interest income;
- the exchange of goods and services, is not a transaction that generates income, and therefore each transaction must be recognized separately;
- in most cases the transfer of risks and benefits coincides with the transfer of the title of ownership or the transfer of the assets in possession buyer;
- if the entity keeps the significant risks related to the property, the transaction is not a sale and the revenues are not recognized;
- if an entity keeps only an insignificant risk arising from the property right, then the respective transaction represents a sale, and revenues are recognized;

- when an uncertainty arises regarding the collection of an amount that cannot be collected, it will be recognized rather as an expense than as an adjustment to the value of initially recognized income;
- the revenues and expenses that refer to the same transaction or other event, are recognized simultaneously, this process being commonly called the correlation of incomes with expenses.

Expenses from exploitation

Elementes	31 dec. 2018	31 dec. 2019
Expenses on raw materials and consumables	103.943.190	108.525.692
Other material expenses	735.412	889.441
Other external costs (energy and water)	5.566.522	6.547.511
Expenditure on goods	3.948.044	3.274.898
Trade discounts received	1.318	1.033
Expenses with the staff of which:	42.860.290	47.348.645
- Salaries and allowances	40.842.508	45.266.800
- Insurance and social protection	2.017.782	2.081.845
Adjustment of tangible assets of which:	4.855.560	4.805.138
-Expenses	4.855.560	4.805.138
-Revenues	-	-
Current active adjustments of which:	3.049	189.531
-Expenses	5.037	189.531
-Revenues	1.988	-
Other operating expenses of which	8.737.368	9.641.423
Expenses on external benefits	5.192.790	6.678.154
Expenses with other taxes and fees	1.637.916	1.660.221
Expenses on assets immobilized for sale	933.781	234.643
Other expenses	972.881	1.068.405
Total expenses for exploitation	170.648.117	181.221.246

Result from exploitation

Elements	31 dec. 2018	31 dec. 2019
Result from exploitation (Profit)	13.198.228	16.068.960
Total Profit from exploitation	13.198.228	16.068.960

Net financial result

Elements	31 dec. 2018	31 dec. 2019
Revenues from exchange rate fluctuations	395.964	655.816
Interest revenues	10.961	2.033
Other financial revenues	-165	1.898
Total financial revenues	406.760	659.747
Interest expenses	1.738.353	1.925.598
Other financial expenses	830.815	693.728
Total financial expenses	2.569.168	2.619.326
Net financial result (Loss)	-2.162.408	-1.959.579

Provisions

During the year 2019, the Company had no movements in the provisions account for uncertain clients, remaining in the balance the amount of 430,319 lei as of December 31, 2019.

During the year 2019 no provisions were established for the depreciation of the various debtors, remaining in balance as of December 31, 2019 the amount of 261,355 lei.

Fiscal legislative framework

The legislative-fiscal framework in Romania and its implementation in practice is frequently modified and is subject to different interpretations from the various control bodies. Profit tax statements are subject to review and corrections by the tax authorities, generally for a period of five years after their completion date. The management considers that it has adequately recorded the fiscal obligations from the annexed financial statements, however, the risk of the fiscal authorities taking different positions regarding the interpretation of these problems persists. Their impact could not be determined at this date.

Guarantees. The company as of December 31, 2019 has mortgaged the following assets in favor of the financing banks to which it has committed lines of credit as follows:

INTESA SANPAOLO BANK

- SITUATION OF REAL ESTATE PROPERTIES -

<i>CADASTRAL NO</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/2/1/1/1/4 CF 41172	<p>- land area of 11.243 sqm + self-metrology platform made up of:</p> <ol style="list-style-type: none"> 1. storage - 254,62 mp (C15); 2. toilet -6,30 mp (C16); 3. loaded extinguisher station - 56,97 mp (C17); 4. workshop - 619,46 mp (C28); 5. metrology laboratory - 134,59 mp (C29); 6. drinking water station - 99,73 mp (C30); 7. drinking water basin - 146,17 mp (C31); 8. metal storage - 106,87 mp (C60); 9. storage -146,17 mp (C70); 10. auto workshop - 359,24 mp (C73);
1315/2/1/1/1/7 CF 40067	<p>- land area of 18.910 mp + constructions:</p> <ol style="list-style-type: none"> 1. locker room -199,59 mp (C54); 2. silo raw material - 195,60 mp (C55); 3. mixtures and annexes workshop - 437,91 mp (C58); 4. hot water station and condensate recirculation - 48,88 mp (C57); 5. monobloc hall -10.808,88 mp (C56/2/1); 5. storage - 2.225,98 mp (C69).
1315/2/1/1/1/9 CF 41169	<p>-land area of 4.114 mp + constructions:</p> <ol style="list-style-type: none"> 1. finished warehouse - 657,25 mp (C56/4).
1315/2/1/1/1/10 CF 41170	<p>-land area of 1.575 mp + constructions:</p> <ol style="list-style-type: none"> 1. Administrative group gate 3 - 123,44 mp (C63).
1315/2/1/1/1/11 CF41165	<p>-land area of 22.150 mp + constructions:</p> <ol style="list-style-type: none"> 1. monobloc hall - 4.739,39 mp (C56/3); 2. storage -95,55 mp (C61); 3. rolling bridge - 811,12 mp (C62).

UNICREDIT TIRIAC BANK SITUATION OF REAL ESTATE PROPERTIES

CADASTRAL NO.	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
1315/2/1/1/2 CF 40066	-land area of 20.616 mp + constructions: 1.transport bands hall (C56/1).
3003 CF 41266	-land area of 15.446 mp with Jiu Capture Station consisting of: pump room, dosing tower, water settling basins 1 and 2, water treatment plants, filters + annexes, thermal power station, gate cabin, located in Tg Jiu, Vădeni district.
1315/1 CF 41260	-land area of 2.262,39 mp with administrative office P + 4, located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/5 CF 41270	-land area of 996 mp with bread workshop (C11/2)
1315/2/1/1/6 CF 41263	-land area of 1.063 mp with milk workshop (C11/1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/2 CF 40061	-land area of 13.589 mp with regenerated rubber section (C6);
1315/2/1/3 CF 41264	-land area of 6.361 mp with hall molds and annexes (C9), located in Tg Jiu, Ciocârlău street, no. 38.

UNICREDIT TIRIAC BANK

CADASTRAL NO.	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
1315/2/1/1/1/1 CF 47077	-land area of 15.736 mp + constructions: 1. fuel pump station - 114,76 mp (C2); 2. solvent pump station - 37,18 mp (C4); 3. foaming station - 88,30 mp(C5).

1315/2/1/1/2 CF 44426	-land area of 14.478 mp + constructions: 1.toilet - 4,13 mp C3 2.storage - 81,27 mp C38 3. industrial hall - 119,85 mp (C39); 4.storage - 484,78 mp (C65); 5. storage - 111,31 mp (C66); 6. storage - 360,73 mp (C67); 7- storage - 44,72 mp (C68).
1315/2/1/1/6 CF 47076	-land area of 6.843 mp + constructions: 1.workshop - 651,14 mp (C18) 2. workshop - 626,59 mp (C19) 3. school lab -384,47 mp (C20) 4.toilet - 12,93 mp (C21) 5.basin -88,76 mp (C22) 6.basin - 26,3 mp (C23) 7.storage (C58) 8. auto workshop - 359,245 mp (C73)

CREDIT EUROPE BANK

- SITUATION OF REAL ESTATE PROPERTIES-

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION (REAL ESTATE RANK I AND II)
1315/2/1/1/3 CF 39568	- land area of 1.271 mp with administrative group consisting of two buildings (C1 with ground surface built by 161,32mp and C2 With ground surface built by 151,81mp), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/4 CF 37455	-land area of 6.705 mp with Oxygen factory (C1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/7 CF 39567	- land area of 1.859 mp with tailoring section (C1)+gate group, with ground surface built by 667,87mp located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/9 CF 39579	- land area of 5047 mp with reconditioned drums section (C59), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/10 CF 39564	- land area of 3.744 mp , located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/18 CF 39562	- land area of 9.538 mp with construction C1-Industrial hall- Section of gaskets with ground surface of 6.429,15 mp , located in Tg Jiu, Ciocârlău street, no. 38.

1315/2/1/1/1/3 CF 47078	- land area of 9.280 mp + constructions: 1. demineralization station (C1) 2. demineralization station annexes (C2) 3. demineralization station basin (C3) 4.locker room (C4) 5. heating plant (C5) 6.compressor station storage (C6)
1315/2/1/1/1/5 CF 41246	-land area of 17.758 mp + constructions: 1.basin (C1) 2. pump house (C2) 3.basin (C3) 4. heating plant (C4) 5. industrial construction (C5) 6. trafo post (C6) 7. recirculated water basin (C7) 8. cooling tower (C8)_ 9. pump station (C9) 10. cooling tower (C10) 11. industrial and public construction (C11) 12. industrial and public construction (C12) 13. industrial and public construction (C13) 14. industrial and public construction (C14) 15. industrial and public construction (C15) 16. chlorination Station (C16) 17.metal storage (C18)

ING BANK

- SITUATION OF REAL ESTATE PROPERTIES -

<i>CADASTRAL NO..</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/1/1/1/12 CF 47071	-land area of 3611 mp with a construction of 16,67 mp (weighing cabin)
1315/2/1/1/8 CF 39574	- land area of 531 with a construction of 215,14 mp (commercial space)
4327 CF 47079	- land area of 1000 mp
4296 CF 47074	- land area of 4760 mp with a construction of 12,42 mp (deep well)

3201 CF 39572	- land area of 10073,17 mp
37200 CF 37200	- land area of 1395 mp
37202 CF 37202	- land area of 9632 mp

Affiliated Parties

The company has no affiliated parties.

Situation of disputes in progress

S.C. ARTEGO S.A. - complainant

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications
3319/95/2010	Vectra Impex Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 300.000 lei	- ongoing; we were admitted to the credentials table with the sum of 300.000 lei from which we recovered the amount of 38.645 lei during the judicial reorganization; continue the bankruptcy procedure
8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 46.887,93 lei	- ongoing; we were admitted to the credentials table with the sum of 46.887,93 lei ; continue the bankruptcy procedure
60833/3/2011	Munplast Bucuresti	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.457,81 lei	- ongoing; we were admitted to the credentials table with the sum of 19.457,81 lei, from which we recovered the amount of 5.000 lei during the judicial reorganization; continue the bankruptcy procedure
4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 52.777,37 lei	- ongoing; we were admitted to the credentials table with the sum of 52.777,37 lei; continue the bankruptcy procedure

887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.946,68 lei	- ongoing; we were admitted to the credentials table with the sum of 19.946,68 lei; continue the bankruptcy procedure
9089/101/2013	Autonomous Registry for Severin Nuclear Activities	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.439.815,78 lei	- ongoing; we were admitted to the credentials table with the sum of 1.439.815,78 lei; continue the bankruptcy procedure
2570/63/2014	Energy Services Oltenia Craiova	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 3.188,77 lei	- ongoing; we were admitted to the credentials table with the sum of 2.486,37 lei; continue the reorganization procedure
28428/3/2014	CFR IRLU S.A. Maintenance and Repair of Locomotives and Machinery Bucharest	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 41.524,48 lei	- ongoing; we were admitted to the credentials table with the sum of 41.524,48 lei, from which we recovered the amount of 5.120 lei ; continue the reorganization procedure
528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 34.155,80 lei	- ongoing; we were admitted to the credentials table with the sum of 34.155,80 lei; continue the bankruptcy procedure
2575/85/2015	Ambient Sibiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.240 lei	- ongoing; we were admitted to the credentials table with the sum of 1.240 lei; continue the bankruptcy procedure
3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 4.783,92 lei	- ongoing; we were admitted to the credentials table with the sum of 4.783,92 lei; continue the bankruptcy procedure

1396/90/2016	CET Govora Rm. Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.665.256,19 lei	- ongoing; we were admitted to the credentials table with the sum of 1.665.256,19 lei; continue the bankruptcy procedure
5114/95/2016	Installs for Mining Utilities	Insolvency procedure	admission to the debtor's creditor' s mass with the amount of 41.307,71 lei	- ongoing; we were admitted to the credentials table with the sum of 41.307,71 lei; continue the bankruptcy procedure
21659/3/2016	National Agency for Fiscal Administration - General Administration of Large Contributors Bucharest	Tax administrative act contest	to pay the amount of 1,256,342 lei	Rejects the petition to appeal - Appeals within 15 days of communication
9637/190/2017	Delhaus MTH Bistrita	Low demand	- obliging the debtor to pay the amount of 1,670.76 lei	- accepts the request; obliges the debtor to pay the creditor the sum of 1,670.76 lei

S.C. ARTEGO S.A. – defendant

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications
2983/95/2019	Club Sportiv Energia Tg- Jiu	claims	order the petitioner to pay the sum of 235.000 lei	Ongoing ; term : 29.01.2020

Subsequent events

After the reporting completed on December 31, 2019, there were no events whose effects would have been significant and would influence the data contained in the current financial statements.

Information regarding employees and members of the management, administration and supervisory bodies

SC ARTEGO S.A. it works, it is managed and organized according to the provisions of Law 31/1990 republished on commercial companies.

Being a joint stock company, it is managed by the General Meeting of Shareholders and administered by a Board of Directors consisting of 5 members, of which 1 executive member and 4 non-executive members.

In 2019, the supervision of the company management was carried out by an audit firm.

The members of the Board of Directors were remunerated in 2019 as follows:

1. An executive member with a gross monthly allowance according to the Administration Agreement of 24,000 lei.

2. 1 non-executive member with a gross monthly allowance of 12,000 lei and 3 non-executive members with a gross monthly allowance according to the Administration Agreement of 9,000 lei.

SC ARTEGO S.A. Tg Jiu, at the end of 2019 had no contractual obligations regarding the payment of pensions to the former directors and administrators.

During 2019 S.C. ARTEGO S.A. did not grant advances and credits to directors and administrators.

The average number of employees for the year 2019 was 870 employees.

During 2019 S.C. ARTEGO S.A. he paid salaries in the amount of 42,559,885 lei, and the expenses with the insurance and social protection were in the amount of 1,124,247 lei.

SC ARTEGO S.A. Tg Jiu granted for the employees during the year 2019 meal vouchers in the total amount of 2,706,915 lei.

ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL INDICATORS IN THE YEAR 2019

Liquidity indicators

1. Indicatorul lichiditatii curente

$$\frac{\text{Current assets}}{\text{Current debts}} = \frac{93.052.623}{49.250.567} = 1,89$$

$$\text{Current debts} \quad 49.250.567$$

2. Immediate liquidity

$$\frac{\text{Current assets} - \text{Stocks}}{\text{Current debts}} = \frac{93.052.623 - 46.274.992}{49.250.567} * 100 = \frac{46.777.631}{49.250.567} * 100 = 94,98\%$$

Activity indicators

1. Speed of rotation of fixed assets

$$\frac{\text{Fiscal value}}{\text{Fixed assets}} = \frac{181.088.888}{44.934.421} = 4,03$$

2. Speed of rotation of total assets

$$\frac{\text{Fiscal value}}{\text{Total assets}} = \frac{181.088.888}{138.322.660} = 1,31$$

1. Risk indicators

Interest rate indicator

$$\frac{\text{Profit before interest payment and tax on profits}}{\text{interest charges}} = \frac{16.091.552}{1.925.598} = 8,36$$

Profitability indicators

a) Return on capital employed

Profit before interest payments and profit tax

$$\frac{\text{Profit before interest payments and profit tax}}{\text{The committed capital}} = \frac{16.091.552}{88.982.079} = 0,18$$

b) Gross margin on sales

$$\frac{\text{Gross profit on sales}}{\text{Fiscal value}} \times 100 = \frac{16.068.960}{181.088.888} = 8,87\%$$

Other information

SC ARTEGO S.A. was established according to Law 31/1990, based on GD no. 1224/1990 and was registered at the Trade Register Office under no. J18 / 1120/1991, having fiscal code RO2157428.

SC ARTEGO S.A. is a joint stock company being with wholly private capital, the majority shareholder being the "PAS ARTEGO" Employees Association, which at 31.12.2019 holds 77.8103% of the share capital.

In determining the profit tax, the provisions of Law 227/2015 were taken into account with the subsequent amendments and GD 1/2016 for approving the Methodological Norms for applying Law 227/2015 regarding the fiscal code of which:

- the delay increases due to non-payment of the debts on time;
- the expenses for the protocol, which exceed the limits provided by the Fiscal Code;
- the amounts that exceed the limits of the expenses considered deductible;
- sponsorship expenses, according to Law 32/1994;
- amounts used to set up reserves according to the Law 31/1990 republished.

Statement

According to the stipulations of art.223, item B, paragraph (1), letter c) of the Regulation No. 5/2018 on issuers and securities transactions, we declare that, to our knowledge, the financial statements at 31 December 2019 offers a true and fair view of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors, prepared in accordance with the stipulations of Annex no. 14, presents fairly and completely the information about the company.

Signature,

General Manager,
eng. Viorel David

Independent auditor's report

To the shareholders of SC ARTEGO SA TG JIU

Report on the audit of financial statements

Opinion

- 1 We have audited the accompanying separate financial statements of SC ARTEGO SA (the "Company"), with registered office in TG JIU, str. CIOCARLAU, no.38, identified by the unique tax registration number RO 2157428, which includes the balance sheet as at 31 December 2019, the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
- 2 The individual financial statements at 31 December 2019 are identified as follows:
 - Net Asset / Total Equity: 88.982.079 lei
 - Net profit / Net loss of the financial year: 12.149.812 lei
- 3 In our opinion, the accompanying separate financial statements provide a true and fair view of the Company's financial position at 31 December 2017 and of its financial performance and cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("OMFP No. 2844/2016").

The basis for the opinion

- 4 We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the Parliament and the European Council (hereinafter "the Regulation") and Law no. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company, in accordance with the Ethics Code of Professional Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements that are relevant for the audit of the financial statements in Romania, including the Regulations and the Law, and we have fulfilled ethical responsibilities according to 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 opinion.

Audit key issues

- 5 Key audit issues are those aspects that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key issues.

Audit key issues	Approach mode of the audit engagement
Incomes comprise mainly revenue from the sales of rubber products to a range of both domestic and foreign clients. Income is recognized on delivery of the goods sold, and sales are adjusted to trade	Our audit procedures for assessing revenue recognition include: <ul style="list-style-type: none">• testing the effectiveness of the Company's main controls to prevent and detect fraud and revenue recognition errors. This procedure included testing revenue-checking controls

<p>discounts, in accordance with customer contracts.</p> <p>We have identified income recognition as an audit aspect because income is one of the key performance indicators of the Company and therefore there is an inherent risk associated with their recognition by management to achieve specific objectives or expectations.</p>	<p>based on deliveries by reference to a sample of transactions;</p> <ul style="list-style-type: none"> • inspecting customer contracts on a sample basis to understand the terms of the sales transactions, including the ways in which discounts are applied, to assess whether the Company's revenue recognition criteria were in line with the accounting requirements and standards in force; • sample evaluation of the recognition in the corresponding financial period of the revenues registered close to the end of the financial year, by comparing the selected transactions with the relevant documentation, including expedited permits; • obtaining customer confirmations at the end of the year on a sample basis; • examining the sales record after the end of the financial year in order to identify significant credit notes issued and inspect the relevant documentation in order to assess whether the related revenues were accounted for in the corresponding financial period.
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Other informations - Administrators' Report and non-financial statement

6 The administrators are responsible for compiling and presenting other information. That other information includes the Directors' Report, but does not include the auditor's financial statements and report, nor the non-financial statement.

Our opinion on the financial statements does not cover this other information and, unless it is explicitly mentioned in our report, we do not express any assurance of this.

With regard to the audit of the financial statements for the year ended 31 December 2019, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have acquired, we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators' Report and non-financial statement we read and report on whether it was drafted in all material respects in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

On the sole basis of the activities to be carried out during the audit of the financial statements, in our opinion:

a) The informations presented in the Directors' Report and non-financial statement for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;

b) The Directors' report and non-financial statement was drafted in all significant aspects in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

In addition, based on our knowledge and understanding of the Company and its environment acquired in the course of our audit of the financial statements for the year ended 31 December 2019, we are required to

report whether we have identified significant misstatements in the Directors' Report and non-financial statement. We have nothing to report on this issue.

Responsibilities of the management and those responsible for governance for the financial statements

7 The Company's management is responsible for preparing its financial statements provide a true image in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Standards in accordance with the Standards International Financial Reporting ("OMFP No. 2844/2016") and for that control which management deems necessary to enable situations to be drawn up financial loss without significant distortions, whether caused by fraud or error.

8 In preparing the financial statements, management is responsible for the evaluation of the ability of the Company to continue its business, to present, if necessary, a business continuity and account-based accounting the continuity of the business, unless the management intends to liquidate the Society or stop operations, or have no other realistic alternative outside of them.

9 The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

10 Our goals are to obtain a reasonable assurance of the extent to which the financial statements as a whole are free of significant distortions, caused by either fraud or error, as well as in issuing an auditor's report that includes our opinion. The reasonable insurance is a high level of insurance, but it is not guarantee that an audit conducted in accordance with the ISA will always detect a significant distortion, if it exists. Distortions can be caused either by fraud, either error, and are considered significant if reasonably foreseeable, that they, individually or cumulatively, will influence the economic decisions of users based on these financial statements.

11 As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.
- We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We formulate a conclusion on the appropriateness of management's use of accruals based on the continuity of activity, and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the ability Society to continue its activity. If we conclude that there is significant uncertainty, we need to draw attention to the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, to change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.
- We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.

12 We communicate to those responsible for governance, among other things, the area planned and timely programming of the audit, as well as the main findings of the audit including any significant deficiencies in internal control, that we identify during the audit.

13 We also provide people in charge of governance with a statement with our compliance with ethical requirements on independence and we communicate all relationships and other aspects that can reasonably be considered as could affect our independence and, where appropriate, the related safety measures.

14 Of the issues we have communicated to those charged with governance, we set out those issues that were of greater importance in the audit of the financial statements of the current period and therefore are key aspects of the audit. We describe these issues in our audit report, unless legislation or regulations hinder public disclosure of the issue, or where, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is anticipated in that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

15 We were appointed by the General Assembly of the Shareholders on 17.04.2019 to audit the financial statements of SC ARTEGO SA TG-JIU for the financial year which ended on 31 December 2019. The uninterrupted total duration of our commitment is 5 years covering the financial years ended 31 December 2015 through 31 December 2019.

We confirm that:

- In conducting our audit, we have retained our independence from the audited entity.
- We did not provide for the Company the non-audited services referred to in Article 5 (1) of EU

Regulation No.537 / 2014.

In the name of

*SC EXPERT ACNT SRL
Tg-Jiu, Gorj.*

Registered to the Chamber of Financial Auditors

from Romania with the number 658/2006

Giubalca Andrei

registered with the Chamber of Financial

Tg-Jiu, 03 march 2020

Auditors from Romania with number 3039/

22.07.2009