(All amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION

a) COMPA parent company

COMPA is a Joint Stock Company, based in Sibiu, str.Henri Coandă nr.8, CP 550234.

Domain of activity

The main activity according to CAEN is: 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

Ownership of company

COMPA is privatized 100% since September 1999. The company is listed on the stock market shares are traded on the Bucharest Stock Exchange in the Standard Category, under symbol CMP.

The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, originating from ***I****ntreprinderea de* ***P****iese* ***A****uto Sibiu (I.P.A. Sibiu)*. *IPA Sibiu* was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

Financial investments of company COMPA S.A. as "*Parent Company"*, representing equity securities as shares or stocks owned in commercial entities are presented in the table below:

Company where capital securities are held	Registered office	Value of securities held by COMPA (RON)	% Share capital
COMPA I.T. S.R.L.	Sibiu, No 8Henri Coandă, Sibiu county	200.000	100,00
TRANS C.A.S. S.R.L.	Sibiu, No 12Henri Coandă, Sibiu county	1.498.450	99,00
RECASERV S.R.L.	Sibiu, No 51Henri Coandă, Sibiu county	70.000	70,00
TOTAL		**1.768.450**	

The management of the company was provided by a Board of Directors consisting of:

Deac Ioan	Chairman & CEO,
Miclea Ioan	Member of the Board & CFO
Maxim Mircea-Florin	Member of the Board
Balteş Nicolae	Member of the Board / Chairman Audit committee
Velţan Ilie- Marius	Member of the Board

b) Subsidiaries

Company COMPA IT S.R.L. headquartered in Sibiu, 8, Henri Coandă Str., Sibiu county. The company was established in 2001, registered at the Trade Register under no.J32 / 17/2001, VATno. 13656016.

The purpose of establishing was design and implementation of an *Integrated Informational System* for the mother company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMPA.

The object of activity, according to CAEN code number is 6201 - "Activities of providing software on request"

The share capital of the company on 31.12.2016 was 200, 000 RON, fully owned (100%) by the Company COMPA S.A. The company's administrator is Mr. Acu Florin-Stefan.

Company TRANS C.A.S. S.R.L. with headquarters in Sibiu, 8 Henri Coandă Street, Sibiu County. The company was established in 2002, registered at the Trade Register under no.J32 / 633/2002, VAT no. 14836511.The company was intended for outsourcing the transport activity, initially existing within the company COMPA, with the purpose of extending and developing this distinctive activity from the profile of the company COMPA. TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMPA and for external customers.

The main activity of the company, according to CAEN code is 4941's "Road transport of goods"

The share capital is 150,000 shares amounting to 1,500,000 RON.

On 31.12.2018 shareholding structure was as it follows:

The company COMPA S.A. holds a number of 149,845 shares, amounting to 1,498,450 RON.

Maxim Mircea Florin and Mihăilă Daniela as individuals, hold a total number of 155 shares worth 1,550 RON.

The company management is assured by Maxim Mircea - Florin – as administrator.

RECASERV S.R.L. company headquartered in Sibiu, 51 Henri Coandă Str., Sibiu County, founded in 2004, registered at the Trade Register with no.J32 / 704/2004, VAT no. 164408228. The purpose of establishing the company was outsourcing within the mother company (COMPA SA) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMPA. By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

The main activity, according to CAEN code is 5629 "Other food service activities", consisting of catering for employees in COMPA SA and other companies in Sibiu, organizing events with catering for companies and schools in Sibiu.

The share capital of the company is 100,000 RON owned by:

Company COMPA S.A. Sibiu, amounting to 70%

Boroş Daniela, amounting to 30%

Company RECASERV S.R.L. Sibiu has a number of 649100 shares worth 64,910 RON to COMPA SA Sibiu purchased by the BSE, registered in the company's financial statements from April 31.12.2017.

Administrator of the company is Mrs. Boroş Daniela.

2. BASIS OF PREPARATION

Declaration of Conformity

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU") and with Ministry of Finance Order no. 2.844/2016. The Group adopted IFRS reporting from the financial statements of 2012.

The principle of business continuity

The separate financial statements have been prepared on a going concern basis, which implies that the Group will be able to operate under normal conditions.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency

The financial statements presented in Romanian **lei** (RON), rounded to the nearest value, which is the functional currency of the group.

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the Group's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

- **Tangible and intangible assets – operational life time of tangible assets**

Tangible and intangible assets are depreciated over their operational life.

Group management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the Group has entered into with customers, history of products sold, market information relating to Group’s products and the ability to adapt their equipment.

- **Tangible and intangible assets – Adjustments for impairment of tangible assets.**

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had no impairment loss had been recognized.

Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies.

- **Deferred taxes**

Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can be covered losses. The Group's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the Group has entered into with customers, market forecasts for the automotive and automotive components.

- **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event it is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

- **The recoverable amount of assets**

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The Group reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

- **Valuation at fair value of financial instruments**

When the fair value of financial assets and liabilities reflected in the statement of financial position can not be measured on the basis of quoted prices on active markets, their fair value is measured using valuation techniques, including the updated cash flow model. The assumptions in these models are taken from available market information, but when it is not possible, judgments are needed to determine fair value. Reasoning includes the determination of assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and interpretations in force during the current period and adopted by the group since 1 January 2019

Amendments to IAS 19 – "Long-term Interests in Associates and Joint Ventures". The Financial Statements are not influenced by the amendments.

Amendments to IAS 28 - "*Long-term Interests in Associates and Joint Ventures*". The Financial Statements are not influenced by the amendments.

IFRIC 23 „*Uncertainty over Income Tax Treatments*". The Financial Statements are not influenced by the interpretations.

Amendments to IFRS 9: „*Prepayment Features with Negative Compensation*". The Financial Statements are not influenced by the amendments.

IFRS 16 „Leasing Contracts". Changes have no effect on transactions and balances. Implementing the new standard brings changes to the presentation of financial statements.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (Effective 1 January 2020, or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to References to the Conceptual Framework in IFRS Standards - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Gropu is carefully considering the implications of the amendments over the financial situations and the moment it will become effective

Amendments to IAS 1 and IAS 18 – Definition of Material - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

3.3. Standards and Interpretations issued by the IASB and not yet adopted by the EU

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendaments and interpretations which have not been yet validated for applicability:

IFRS 17 „*Insurance Contracts*" (Effective accoarding with IASB from 1 January 2021) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendments to IFRS 3 "Business Combinations" - (Effective accoarding with IASB from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IAS 1 and IAS 18 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Except as described above, the group provides for the adoption of new standards, revisions and interpretations will not have a significant impact on the financial statements of the Group.

Basis for consolidation

Business combinations

Business combinations are accounted for using the purchase method at the acquisition date. The acquisition date is the date on which control is transferred to the buyer. Control is the power to determine the financial and operating policies so as to obtain benefits from its activities. In assessing control, the Group considers potential voting rights that are currently enforceable.

Professional judgment is applied to determine the acquisition date and whether the control transferring between the parties has occurred.

The Group assesses goodwill at fair value of the consideration transferred including the recognized value of interests without control in the acquired entity, minus the net amount recognized (fair value) of the identifiable assets acquired and liabilities assumed, all measured at the date of acquisition. The consideration transferred includes the fair value of assets transferred, liabilities assumed by the Group to the previous shareholders of the acquired entity and equity instruments issued by the Group.

The compensation transferred includes the fair value of contingent compensation. A contingent liability of the Acquire is assumed in a business combination only if such liability is a present obligation resulting from a past event and its value can be measured reliably.

Controlling interests

The Group assesses interests without control as part owned by minority shareholders in the Acquirer's identifiable net assets.

Transaction costs of the Group relating to a business combination, such as commission for brokering the transaction fees for legal consultancy services, the fees for the services of due diligence and other fees for professional services and consulting are recognized in profit or loss account when incurred.

The revised standard specifies that changes in shareholding of Parent Company in a subsidiary that do not result in loss of control must be recorded as equity transactions. Under the revised standard, acquisitions of interests without control are accounted for as transactions with equity holders in their capacity as owners and as a result of such transactions does not recognize goodwill. The result of these transactions is acknowledged by the Group within "Other reserves".

Branches

Subsidiaries represent all entities which the Group controls. The group controls a wholly owned entity when the entity authority, is exposed and is entitled to variable revenues based on stake and has the ability to lead and authority over the entity to influence the value of these revenues. The subsidiaries included in the consolidation from the date on which control is transferred to the group. Subsidiaries are excluded from consolidation from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary, to be aligned with the policies adopted by the Group.

Investments in associates (investments accounted for using the equity method)

Associates are those entities over which the Group exercises significant influence but not control over financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are those entities over whose activities the Group exercises joint control established by contractual agreement and requiring a unanimous agreement for taking decisions on financial and operational strategies.

Investments in associates are accounted for using the equity method and are initially recognized at cost. Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the share for the group of revenues, expenditures and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the starting date until the date on which it ceases significant influence or control.

When the share of losses related to the Group exceeds its interest in investment accounted for under the equity method, the book value of the holding, including any long-term investment is reduced to zero and recognition of further losses is discontinued unless the Group has an obligation or made payments on behalf of the investee.

Common commitments:

A shared commitment is a commitment in which two or more parties have joint control.

The joint commitments are accounted for using the equity method. Based on the equity method, the investment in a joint arrangement is initially recognized at cost and the carrying amount is increased or reduced in order to recognize the group's profits or losses after acquisition and movement of other comprehensive income. When the part of losses within an association exceeds interests in association, the group does not recognize further losses, unless there are obligations or payments made on behalf of the association.

Earnings not coming from transactions between group and its associations are eliminated within the limit interest group in combination. Losses not realized are also eliminated unless the transaction proves prejudicial transferred asset.

Transactions eliminated on consolidation

Balances and transactions within the Group, and any unrealized profits or losses resulting from intra-group transactions are eliminated from the consolidated financial statements. Unrealized gains on transactions with associates accounted for using the equity method are eliminated in return for investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no indications of impairment.

Conversion into foreign currencies

When preparing individual financial statements of the Group, transactions in currencies other than the functional currency of the Group (currencies) are recognized current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss.

Financial instruments

Non-derivative financial assets

The Group recognizes the loans and debts at the date they are generated. All other financial instruments are recognized at the date of the transaction, which is the date when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified in loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Group intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables, bank and cash balances, etc.) are generally held for the purpose of cashing cash flows under contracts and are measured at amortized cost using the effective interest method less any impairment.

Trade receivables are amounts to be collected from customers for the products sold and services provided in the course of the Group's business. They are generally cashed in short periods and are classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, except when they contain a material financing component when they are recognized at fair value.

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (besides trade receivable without a significant financing component) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other of comprehensive income; or fair value through profit or loss

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for the management of its financial assets, in which case all those financial assets affected are reclassified.

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows; and

- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

On initial recognition, the Group may irrevocably designate a financial asset at fair value through profit or loss if it thereby eliminates or significantly reduces an inconsistency in valuation or recognition that would otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on different bases.

The Group's business model for managing financial assets

The group makes an assessment of the business model objective in which a financial asset is held at a portfolio level because it best reflects how the business is managed and information is provided to management. The information considered includes:

- the policies and objectives declared for the portfolio and the functioning of these policies in practice. These include analysing whether the management strategy focuses on earning contract interest income, maintaining a specific interest rate profile, matching the duration of the financial assets to the duration of any expected debt or cash outflows, or making cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the management of the Group;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Assessment whether contractual cash flows are solely principal and interest payments

For the purposes of this assessment, the "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration of the time value of money and credit risk associated with the amount of the principal to be cashed in a certain period of time, as well as for other core credit risks and costs and a profit margin.

In order to assess whether contractual cash flows are only capital and interest payments, the Group takes into account the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the time or amount of contracted cash flows so that it does not meet this condition

An advance payment feature is compatible with the criterion of principal and interest payment only, if the amount of the anticipated payment represents substantially the unpaid principal amounts and interest on the outstanding amount, which may include a reasonable additional compensation for early termination contract.

Subsequent valuation of financial assets

After the initial recognition, the Group assesses a financial asset at amortized cost; at fair value through other elements of the comprehensive income; or at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses in foreign currency and depreciation are recognized in profit or loss. Any gain or loss from derecognition is recognized in profit or loss.

Impairment of financial assets

The Group recognizes impairment adjustments for expected credit losses for:

- financial assets measured at amortized cost;

- contract assets.

Loss adjustment for trade receivables and contract assets are always measured at an amount equal to expected lifetime loss of credit.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimated credit loss, the Group considers reasonable and justifiable information that is relevant and available without undue cost or effort. These include quantitative and qualitative information and analysis, based on the Group's historical experience and including prospective information.

The Group considers that a financial asset is incapable of payment when:

- the borrower is unlikely to fully pay his credit obligations to the Group; or

- the financial asset is past 365 days after maturity.

Lifetime loss credit loss data is the expected credit loss resulting from all implicit events during the expected life of a financial instrument.

12 months credit loss represents the portion of expected credit losses resulting from the default events that are possible within 12 months of the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period taken into account when estimating the expected loss of credit is the maximum contractual period that the Group is exposed to credit risk.

Measuring the expected credit loss

Expected credit losses are a probable estimate of loan losses. Credit losses are measured as the present value of the cash deficit (the difference between the cash flows due to the entity under the contract and the cash flows that the Group expects to receive).

Financial assets impaired as a result of credit risk

At each reporting date, the Group assesses whether financial assets at amortized cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is "impaired as a result of credit risk" when one or more events occur that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired by credit includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as failure to fulfil obligations or exceeding by 90 days the due date; or
- the debtor is likely to go bankrupt or otherwise reorganize;

Presentation of the adjustment for expected credit losses in the financial position

Adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income, loss adjustments are recorded in the income statement and are recognized in Other comprehensive income.

Removal off the balance sheet

The gross carrying amount of a financial asset is removed when the Group has no reasonable expectation of recovering a financial asset in whole or in part. For individual clients, the Group has a policy to remove gross book value when the financial asset is 3 years after maturity, based on the historical experience of similar asset recoveries. For corporate clients, the Group makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

Derecognition

The Group derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Group transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

At derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

Financial liabilities

The Group initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

The Group classifies financial liabilities as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as a FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. FVTPL financial liabilities are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses in foreign currency are recognized in profit or loss. Any gain or loss from derecognition is also recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled. At derecognition of a financial liability, the difference between the liability's carrying amount and the consideration payed is recognized in profit or loss.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Derivatives financial instruments

A derivative is a financial instrument or other contract that falls under IFRS 9, which meets the following three characteristics: its amount changes in response to changes in certain interest rates, the price of a financial instrument, the price of the goods, the exchange rates, price indices or rates, credit rating or credit index or other variables, provided that in the case of a non-financial variable it is not specific to a party (sometimes referred to as the "base"); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts that are expected to have similar effects to changes in market factors; and is settled at a future date.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities.

When an equity instrument of the group is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity. The group does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Tangible assets

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount.

Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

When the Group depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Group revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Group. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Group management at the end of each period of reporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant groups of property are:

Buildings	12-50 years
Plant and machinery	3-18 years
Other installations, equipment and furniture	2-18 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition.

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Group must demonstrate that the item meets:

(a) Definition of an intangible asset

is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or

arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Group; and
- cost of the asset can be measured reliably.

An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Group initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

a. the costs of materials and services used or consumed in generating the intangible asset;

b. costs of employee benefits arising from the generation of the intangible asset;

c. fees to register a legal right; and

d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

(a) a research phase ;

(b) a development phase.

If the group cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Group treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Group intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any). The recoverable amount is the biggest from the fair value less the cost of sell and the value from use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

A real estate investment is an estate (land or a building – or part of a building – or both) owned by the Group with the scope of earning rent or capital appreciation, or both, rather than it being used for production or distribution of services and goods, for administrative purposes, or to be sold during the ordinary course of business.

The cost of a real estate investment comprises its purchase price and any costs directly attributable to the acquisition. Directly attributable expenditures include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The investment cost of self-constructed real estate is the cost at the date when the construction or development were completely finished. Until that date, the Group applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Group chooses the fair value model and evaluates all of its investment properties at fair value.

A gain or loss generated by a change in the fair value of the real estate investment is recognized in the profit or loss statement for the period in which it happens.

The fair value of real estate investment is the price at which the property could be exchanged between willing parties, conducted under objective conditions. The fair value of an estate shall reflect the market conditions at the balance sheet date.

The assets for which fair value is determined in the financial statements are included in the fair value hierarchy based on the fair value determined as follows:

- Level 1 - unadjusted market prices

- Level 2 - Input Data other than unadjusted market prices, but fair value is observable directly or indirectly

- Level 3 - fair value measurements based on unobservable inputs

Gains or losses arising from the retirement or disposal of real estate investments should be determined as the difference between the net disposal income and the accountancy value of the asset and must be recognized in profit or loss statements in the period of the retirement or disposal.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale.

Employee benefits

In the normal course of business, the Group makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

All Group employees are members of the Romanian State pension plan. Within the Group there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. Group recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realizable amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time- value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Group has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the group has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Accounting policies information regarding contracts with customers is presented in Note 15.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Group in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Group. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The Group only registers financial leasing contracts at the date of entry into force of IFRS 16.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing December 31, 2018 was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. Group's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Group that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Group's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which financial information is available.

Group management regularly evaluates the activity of the Group to identify operating segments for which information must be reported separately.

The group did not identify components that are classified as operating segments.

(All amounts are expressed in RON, unless otherwise specified)

4.1. TANGIBLE ASSETS

Evolution of tangible assets from 1th of January 2018 to 31th of December 2019 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Inventory value						
1/1/2018		**43.509.161**	**86.911.987**	**486.004.405**	**1.196.573**	**11.405.414**
Inputs 2018			16.949.149	43.019.342	50.358	66.525.589
Outputs 2018			-4.448.180	-2.724.316	0	-56.193.714
12/31/2018		**43.509.161**	**99.412.956**	**526.299.431**	**1.246.931**	**21.737.289**
Inputs from revaluations 2019	339.539	5.747.571				**6.087.110**
Inputs from acquisitions 2019			443.303		77.820.819	**78.264.122**
Inputs from acquisitions 2019			50.073			**50.073**
Inputs from acquisitions free purchases in 2019					9.496.006	**9.496.006**
Internal generated Inputs 2019		7.996.333	62.377.849	442.685		**70.816.867**
Inputs from transfers from other classes of fixed assets		2.482.268	0			**2.482.268**
Outputs revaluation		-3.635.150	0		0	**-3.635.150**
Output from the cancellation of depreciation at revaluation		-18.677.508	0		0	**-18.677.508**
Outputs of transfers to same classes 2019		-2.482.268	0		0	**-2.482.268**
Output from transfers to other classes of fixed assets 2019		0	0		-70.880.510	**-70.880.510**
Outputs of sales 2019		0	0	0		**0**
Inputs from cassation 2019		-10.000	-733.810	0		**-743.810**
12/31/2019	**43.848.700**	**90.834.202**	**588.436.846**	**1.689.616**	**38.173.604**	**762.982.968**
Amortization, depreciation						
01.01.2018	**0**	**8.718.080**	**302.487.469**	**992.855**	**0**	**312.198.404**
Expenditure 2018	0	5.058.507	35.956.304	40.874	0	**41.055.685**
Depreciation, amortization related to outflow 2018	0	-525.723	-2.677.986	0	0	**-3.203.709**
12/31/2018	**0**	**13.250.864**	**335.765.787**	**1.033.729**	**0**	**350.050.380**
Expenditure 2018	0	5.436.643	41.364.781	62.295	0	**46.863.719**
Amortization, depreciation inputs of transfers within the same class in 2019	0	328.919			0	**328.919**
Output from the cancellation of the depreciation on the occasion of the revaluation of the net values of 2019	0	-18.677.508	0		0	**-18.677.508**
Amortization, depreciation transfers the output of the other classes in 2019	0	-328.918			0	**-328.918**

(All amounts are expressed in RON, unless otherwise specified)

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Depreciation, amortization related rescission 2019	0	-10.000	-732.087	0	0	**-742.087**
12/31/2019	**0**	**0**	**376.398.481**	**1.096.024**	**0**	**377.494.505**
Remaining value						
1/1/2018						**316.829.136**
12/31/2018						**342.155.388**
12/31/2019						**385.488.463**

The buildings and land were revalued at 31.12.2019 by an authorized independent evaluator. In the fair value hierarchy, the revaluation of the buildings and lands of the company at fair value is classified as level 2 data.

The evaluation technique used in the level 2 fair value measurement is the price comparison method. Building prices are determeined in comparison with the adjacent buildings' and can be tailored to specific features such as property size, etc. The most important input data for this evaluation methos is the prices per square meter. There were no transfers between the level at which the fair value measurements are classified in 2019.

The depreciation of the tangible assets is determined by the straight-line method.

The fixed assets were reduced in 2019 by write-off and amortization

The inventory value of fixed assets cashed in 2019 was 743,810 lei, and the unamortized value of fixed assets cashed was 1,723 lei.

In 2019, within the Group, projects funded from European funds were carried out.

The implementation of these projects has resulted in the acquisition of state-of-the-art technological equipment. Thus, within the project "Development of the research department of the company COMPA SA and obtaining innovative results in the field of the auto industry", the following equipments were purchased in 2019:

Hybrid machine - with laser	5.843.338.00 lei
CNC lathe with axis B-SPRINT 65-3T B	3,166,159.00 lei
Ultrasonic hybrid machine	3,370,147.00 lei
Milling machine	8,283,495.00 lei
Round grinding machine	1,250,258.00 le
5 D measuring machine	859,627.00 lei

The subsidized value of the equipment purchased for the project was 9,230,986 lei.

As part of the project "Learn for a safe job!" a booth for simulation, testing and diagnostics worth 99,518 lei was purchased, of which a subsidized value of 94,542 lei.

Within the project "Qualified employees for a safer future", equipment worth 141,265 lei was purchased, of which a subsidized value 70,632 lei.

(All amounts are expressed in RON, unless otherwise specified)

The mortgage value for the tangible assets of the contracted loans had the net book value of 22,516,990 lei on the 31st of Decemeber 2019. At the same time, the guarantees consisting of technological equipment had the net book value of 55,591,281 lei.

4.2. REAL ESTATES INVESTMENTS

Evolution of real estate investments 1 January 2018 to 31 December 2019 Take as follows

Explanations	Real estate investments	Real estate investments in execution	Total
Balance at 01.01.2018	**31.654.858**	**8.906.859**	**0**
Inputs 2018	187.387	19.624	207.011
Outputs 2018	0	0	0
Balance at 31.12.2018	**31.842.245**	**8.926.483**	**40.768.728**
Inputs from revaluation in 2019	4.412.735		4.412.735
Inputs from acquisition 2019		47.627	47.627
internally generated 2019 inputs		9.161	9.161
Inputs from transfers from other classes of fixed assets	20.987.913	1.903.500	22.891.413
Inputs of the same class of assets in 2019		8.419.668	8.419.668
Output from 2019 revaluation	-890.799		-890.799
Outputs from other classes of property transfers in 2019		-1.744.670	-1.744.670
Outputs of transfers within the same class of property assets in 2019		-8.419.668	-8.419.668
The balance 31.12.2019			

Real estate investments are evaluated at a fair market value. A gain or loss arising from a change in the fair market value of property investments is acknowledged in the profit or loss statements of the same period.

The “on-going real estate investments” assets are evaluated at a historical cost.

5. INTANGIBLE ASSETS AND GOODWILL

Intangible assets holds by the Group are represented by software, software licenses and intangible assets in progress. Their evolution was as follows:

Explanations	R&C expenditure	Software and software licenses	Total
Cost **31.12.2018**			
Input 2018	**0**	**9.935.897**	**9.935.897**
Outputs 2018	559.983	485.353	**1.045.336**
31.12.2018	-600		**-600**
Inputs of acquisition 2019	1.486.860	1.023.712	**2.510.572**
Internally generated inputs 2019	2.070.173	0	**2.070.173**
Inputs from transfers within the other class 2019	600	9.286	**9.886**

(All amounts are expressed in RON, unless otherwise specified)

Explanations	R&C expenditure	Software and software licenses	Total
Output from transfers within same class 2019	0	0	**0**
Outputs from transfers within the same class 2019	0	0	**0**
Outputs 2019	-600	0	**-600**
31.12.2019	**4.116.416**	**11.454.248**	**15.570.664**
Depreciation, amortization			
1/1/2018	**0**	**6.796.171**	**6.796.171**
Expenses 2018			
Depreciation, amortization related outputs 2018	0	650.310	**650.310**
12/31/2018	**0**	**7.446.481**	**7.446.481**
Depreciation, amortization related outputs 2019	0	691.726	**691.726**
12/31/2018			
Remaining value			
1/1/2018			**3.139.726**
12/31/2018			**3.534.152**
12/31/2019			**7.432.457**

In May 2019, the Group concluded a Financing Agreement with the Ministry of European Funds and the Ministry of Research and Innovation, focusing on "Developing the research department of COMPA SA and achieving innovative results in the automotive industry"

The total value of this contract is 26,614,121.45 lei, of which non-reimbursable financing 9,230,986.36 lei. The duration of the project is 15 months from the date of signing the contract.

The Group capitalizes the R & D costs due to the fact that the criteria for their recognition as an element of intangible asset immobilization are met, namely:

- it is probable that the future economic benefits expected to be attributable to the asset are attributable to the Company; and
- the cost of immobilisation can be reliably measured.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanations	2019	2018
Receivables from clients who have not exceeded the maturity	104.451.883	132.290.542
Debts which exceeded maturity, but there were no adjustments for depreciation	4.371.504	12.380.370
Debts which exceeded maturity, but there were adjustments for depreciation	856.281	1.535.953
Adjustments for impairment	-1.535.953	-1.535.953
Total trade receivables	**108.823.387**	**144.670.912**

At 31th of December 2019 and 2018 the situation of seniority of debts that exceeded due time and for which no adjustments were recorded for impairment, is as follows:

(All amounts are expressed in RON, unless otherwise specified)

Explanations	**2019**	**2018**
Past due by 90 days	2.914.720	7.283.194
Past due between 91 and 180 days	1.316.763	3.662.021
Past due from 181 days to 1 year	140.021	1.429.485
Past due more than 1 year	0	5.670
Total receivables past due	**4.371.504**	**12.380.370**

The Group has created impairment for clients' receivables as it follows:

Balance at 01.01.2018	**1.105.878**
Adjustment established in 2018	658.413
Reversed Adjustment in 2018	-228.338
Balance at 31.12.2018	**1.535.953**
Adjustment established in 2019	732.275
Reversed Adjustment in 2019	-1.411.947
Balance at 31.12.2019	**856.281**

The Group's commercial policy requires the recording of impairment adjustments exceeding 360 days, except those receivables registered at partners to which the Group is a debtor in its turn, the debts registering approximately the same age as uncollected receivables

The situation of other receivables owned by the Group is as follows:

Explanations	**2019**			**2018**		
	Total, of which	**Long term**	**Short term**	**Total, of which**	**Long term**	**Short term**
Advances paid to suppliers	32.041.021	0	32.041.021	11.627.430	0	11.627.430
Receivables related to staff	31.659	0	31.659	18.683	0	18.683
Claims about consolidated state and local budget	3.089.014	0	3.089.014	5.574.472	0	5.574.472
Sundry debtors	706.640	0	706.640	1.278.101	0	1.278.101
Impairment of debtors	-368.925	0	-368.925	-301.611	0	-301.611
Accrued expenses	1.071.290	0	1.071.290	664.446	0	664.446
Subsidies receivables (European funds projects)	8.271.345	72.572	8.198.773	11.219.383	668.703	10.550.680
Total – other receivables	**44.842.044**	**72.572**	**44.769.472**	**30.080.904**	**668.703**	**29.412.201**

The Group established Impairment of other receivables as it follows:

Balance at 01.01.2018	**594.585**
Adjustments in 2018	0
Reversed Adjustment in 2018	-292.974
Balance at 31.12.2018	**301.611**
Adjustments in 2019	367.314
Reversed Adjustment in 2019	-300.000
Balance at 31.12.2019	**368.925**

(All amounts are expressed in RON, unless otherwise specified)

The Group's commercial policy requires the recording provisions for other receivables that exceed 360 days for those receivables for which there are indications that are uncertain.

Receivables in foreign currencies are valued in lei at the exchange rate of BNR dated 31.12.2019.

7. OTHER RECEIVABLES

The situation of other receivables of the Group is as follows:

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Custom home warranty	103.000	103.000	0	103.000	103.000	0
Other guarantees	18.233	18.233	0	13.684	13.684	0
Total other assets	**121.233**	**121.233**	**0**	**116.684**	**116.684**	0

8. STOCKS

Structure of stocks owned by the Group is presented in the table below:

Explanations	2019	2018
Raw materials	46.319.432	41.635.827
Impairment of raw materials	-295.044	-307.651
Packaging materials	22.962.023	22.698.829
Impairment of materials and packaging	-77.960	-84.302
Semifinished parts and production in progress	19.063.886	36.966.386
Impairment of semifinished parts	0	0
Finished goods and merchandise	17.623.306	10.922.112
Impairment of finished products and goods	-169.453	-169.453
Total stocks	**105.426.190**	**111.661.748**

The Group made adjustments for the depreciation of stocks, as follows:

Balance at 01.01.2018	**558.194**
Adjustments made in 2018	106.232
Adjustments reversed in 2018	-103.020
Balance at 31.12.2018	**561.406**
Adjustments made in 2019	0
Adjustments reversed in 2019	-18.949
Balance at 31.12.2019	**542.457**

9. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are as follows:

(All amounts are expressed in RON, unless otherwise specified)

Explanations	2019	2018
Bank accounts in RON	7.387.072	2.338.749
Foreign currency bank accounts	1.543.333	908.417
Cash equivalents	611	472
Money house in RON	10.169	20.047
Casa currency	20.497	0
Total Cash and equivalents	**8.961.682**	**3.267.685**

The Group owns domestic and foreign currency accounts at the following banks: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

10. PROFIT TAX

Tax for current profit of the Group is determined based on the Group's statutory profit, adjusted for non-deductible expenses and non-taxable income at a rate of 16%.

In 2018 the Group calculated in addition to tax and income tax on microenterprises.

At 31 December 2019 and 2018 Profit tax consists of:

Explanations	2019	2018
The expense with the current profit tax	487.964	3.149.177
The expense with the tax on the income of micro-enterprises	21.811	30.452
Debt / (debit) with deferred tax assets	428.983	317.566
Total income tax	**938.758**	**3.497.195**

The numerical reconciliation between the expense with the income tax and the result of multiplying the accounting result with the percentage of taxation in force is presented below:

Explanations	2019	2018
Profit before tax	34.072.676	39.270.075
Profit before taxation related to the tax on the income of micro-enterprises	2.181.100	116.859
Expenditure on income tax 16%	5.451.628	6.283.212
The expense with the tax on the income of micro-enterprises	21.811	30.452
Sponsorship expense deducted from corporate income tax	-100.465	-547.979
Income tax due	5.372.974	5.765.685
The effect of non-taxable income	-1.065.602	-1.397.238
The effect of tax-deductible expenses and temporary differences	1.242.255	2.008.164
The effect of tax exemption on reinvested profit	-4.610.869	-2.879.416
Total expense with profit tax	**938.758**	**3.497.195**
The effective percentage of income tax	**2,59**	**8,88**

The evolution of the deferred tax to be recovered in the period 01.01.2018 - 31.12.2019 is presented in the table below:

(All amounts are expressed in RON, unless otherwise specified)

Deferred tax at 01.01.2018	**-793.559**
Deferred tax through profit or loss 2018	**317.566**
Deferred tax recognized in other comprehensive income 2018, of which:	**-14.352**
Deferred tax from legal reserves tax deductible	**-1.230.292**
Deferred tax from fixed assets revaluation	-1.233.650
Deferred tax at 31.12.2018	3.358
Deferred tax through profit or loss 2019	**-1.720.637**
Deferred tax on the resulting account carried over from the change in accounting policies 2019	**428.984**
Deferred tax recognized in other comprehensive income 2019, of which:	**124.273**
Deferred tax from assets revaluation	120.712
Deferred tax from legal reserves tax deductible	3.561
Deferred tax at 31.12.2019	**-1.167.380**

Significant components of deferred income tax included in financial statements at 31.12.2018, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2018	Attributable to the retained earnings account of changes in accounting policies 2018	Attributable other elements of global result 2018
Assets revaluation	32.851.981	0	5.256.317	5.256.317			-1.233.650
Legal reserves	4.690.412	0	750.466	750.466			3.358
Differences tangible depreciation periods	-42.883.358	-6.861.337	0	-6.861.337	-362.096		
Other liabilities	-5.413.018	-866.083	0	-866.083	44.530	-14.352	
Total	**-10.753.983**	**-7.727.420**	**6.006.783**	**-1.720.637**	**-317.566**	**-14.352**	**-1.230.292**

Significant components of deferred income tax included in financial statements at 31.12.2019, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2019	Attributable to the retained earnings account of changes in accounting policies 2019	Attributable other elements of global result 2019
Assets revaluation	33.606.431	0	5.377.029	**5.377.029**			120.712
Legal reserves	4.712.672	0	754.028	**754.028**			3.561

(All amounts are expressed in RON, unless otherwise specified)

Differences tangible depreciation periods	-42.702.819	-6.832.451	0	**-6.832.451**	28.886		
Other liabilities	-2.912.410	-465.986	0	**-465.986**	400.098	0	
Total	**-7.296.126**	**-7.298.437**	**6.131.057**	**-1.167.380**	**428.984**	**0**	**124.273**

The Group recognizes deferred tax assets because it is estimated that there will probably generate profit in the future subject to taxation

11. EQUITY

Ownership structure on 31.12.2019 is as follows:

Explanations	No. of shares	% Of total share capital
Romanian and foreign shareholders (legal entities).	73.878.442	33,76
Romanian and foreign shareholders (individuals)	144.942.596	66,24
Total number of shares	**218.821.038**	**100,00**

Explanations	2019	2018	Modifica-tion	Causes
Capital subscribed and paid	21.882.104	21.882.104	0	
Capital adjustments	0	0	0	
Own shares	-64.910	-64.910	0	
Losses related to own shares	-45.961	-45.961	0	
Rezerve din reevaluare	83.891.130	81.787.286	2.103.844	Revaluation of tangible assets; Transfer of revaluation reserves in the Deferred result representing the surplus realized from revaluation reserves
Rezerve legale	4.949.124	4.926.887	22.237	Constutuire rezerve legale;
Adjustment of legal reserves	22.679.066	22.679.066	0	
Other reserves	275.336.184	229.989.614	45.346.570	Profit distribution to other reserves; Determination of deferred income tax on the basis of equity
Adjustment other reserves	472.028	472.028	0	
Current year profit	33.206.829	35.894.491	-2.687.662	Decrease in the profit related to the current year compared to the previous year;
Result carried	37.618.159	47.170.945	-9.552.786	Non-distributed profit; Transfer of revaluation reserves to Reversed earnings representing surplus from revaluation reserves
Minority interests	192.048	169.473	22.575	The increase of the minority interests related to the

				current year compared to the previous year
Total equity	**480.115.801**	**444.861.023**	**35.254.778**	

Capital management

The Group's objectives related to capital management reffer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholdersand to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support further development of the Group. There are no capital requirements imposed from the outside. The Compnay monitors the capital based on the debt level. This coefficient is the result of dividing the net debt to the total capital.

The net debt is the total of all the loans (including the current loans and the long term loans as per the balance sheet) except the cash and the cash equivalents. The total administered capital is calculated as “equity capital” as shown in the financial situation.

The Group continued to use the above mentioned facility in 2019 as well, and according to legal regulations it distributed 28.817.930 RON worth of profit to own development sources.

Considering the development opportunities anticipated for the next year and the need to fulfill new investments objectives, the Board of Directors will propose to the AGA to accept that the next year’s net profit should also be distributed to own development sources.

Indebtedness evolution of the Group is as follows:

Explanations	**2019**	**2018**
Total debts	247.641.230	233.117.079
Cash and cash equivalents	8.961.682	3.267.685
Net debt	**238.679.548**	**229.849.394**
Equity	**480.115.801**	**444.861.023**
Level of indebtedness	**0,50**	**0,52**

The group set as a target not to exceed the level of 0.99

12. FINANCIAL LIABILITIES

Financial short-term and long term liabilities are:

Currency - EUR		**2019**			**2018**		
Credit institution	**Loan type**	**Total of which**	**Long term (< 5 years)**	**Short term**	**Total of which**	**Long term (< 5 years)**	**Short term**
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	6.970.805	6.970.805	0	5.713.163	5.713.163	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	2.586.177	2.211.177	375.000	0	0	0
ING BANK-SIBIU	Credit line for manufacturing	5.080.089	5.080.089	0	7.194.397	7.194.397	0

Currency - EUR		**2019**			**2018**		
Credit institution	**Loan type**	**Total of which**	**Long term (< 5 years)**	**Short term**	**Total of which**	**Long term (< 5 years)**	**Short term**
ING BANK-SIBIU	Credit for investment	6.500.000	5.850.000	650.000	0	0	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	220.717	93.615	127.102	257.119	122.388	134.731
Total financial liabilities - EUR		**21.357.788**	**20.205.686**	**1.152.102**	**13.164.679**	**13.029.948**	**134.731**

Currency - RON		**2019**			**2018**		
Credit institution	**Loan type**	**Total of which**	**Long term (< 5 years)**	**Short term**	**Total of which**	**Long term (< 5 years)**	**Short term**
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	33.315.569	33.315.569	0	26.645.621	26.645.621	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	12.360.114	10.567.877	1.792.238	0	0	0
ING BANK-SIBIU	Credit line for manufacturing	24.279.271	24.279.271	0	33.553.949	33.553.949	0
ING BANK-SIBIU	Credit for investment	31.065.450	27.958.905	3.106.545	0	0	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	1.054.872	447.414	607.458	1.199.177	570.805	628.375
Total financial liabilities - RON		**102.075.277**	**96.569.036**	**5.506.241**	**61.398.747**	**60.770.375**	**628.375**

In order to achieve the proposed investment objectives, the Group contracted investment credits in total value of EUR 15 million in 2019, of which the amount of EUR 9,086,177 was committed by the end of 2019.

For the contracting of loans the group has submitted guarantees. The mortgaged tangible assets in favor of the credit institutions as of 31.12.2019 are at an accounting value of 22,516,990 lei and the guarantees consisting of technological equipment have a net book value of 55,591,281 lei.

Also, there were concluded also"movable guarantees on receivables" as a guarantee for the credit commitments, proportionally with the value of exposure towards the financing banks.

The effect of the foreign exchange rate changes arising from the financing activity was 1,015,761 lei, with a negative impact on the profit and loss account.

Interest margin of loans from banking institutions engaged varies:

Euribor 1 month + 1,0 % per year and

Robor 3 months + 1,0 % per year

(All amounts are expressed in RON, unless otherwise specified)

Interest related to finance leases varies between Euribor 3 months + 4,67% per year, and Euribor 3 months + 4,76% per year for contracts concluded before 2019 and fixed interest of 2.99% per year for contracts concluded during 2019

Foreign currency liabilities are valued in lei at the exchange rate of BNR dated 31.12.2019.

13. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

The situation of commercial liabilities and other liabilities is the following:

Explanations	2019			2018		
	Total of which	Long term	Short term	Total of which	Long term	Short term
Suppliers	91.890.438	0	91.890.438	117.721.438	0	117.721.438
Advance payments from customers	138.558	0	138.558	128.204	0	128.204
Debts related to staff	3.515.725	0	1.217.334	3.515.725	0	3.515.725
Debts to social security and unemployment	5.628.627	0	5.628.627	5.745.715	0	5.745.715
Other debts to the state budget	6.525.839	0	6.525.839	6.637.971	0	6.637.971
Other debts to the public institution	0	0	0	0	0	0
Current income tax debts	54.861	0	54.861	70.885	0	70.885
Various creditors	148.516	0	148.516	228.323	24.454	203.869
Income in advance	1.411.453	72.572	1.338.881	1.244.370	414.790	829.580
Subsidies for investment contracts AMPOSDRU SI AMPOSCEE	38.355.443	34.303.190	4.052.253	36.266.340	31.785.869	4.480.471
Inventory pluses of fixed assets	59.239	59.239	0	23.713	23.713	0
Total commercial liabilities and other payables	**147.728.699**	**34.435.001**	**110.995.307**	**171.582.684**	**32.248.826**	**139.333.858**

Currency liabilities are valued in RON at the exchange rate of BNR on 31.12.2019

14. PROVISIONS

The Group set up provisions as it follows:

Explanations	Provisions for guarantees to customers	Provisions for employee benefits	Total provisions
Balance at 01.01.2018	**26.945**	**108.700**	**135.645**
Balance at 31.12.2018	**26.945**	**108.700**	**135.645**
Balance at 31.12.2019	**26.945**	**108.700**	**135.645**

(All amounts are expressed in RON, unless otherwise specified)

15. INCOME

Group revenues structure is as follows:

Explanations	2019	2018
Total turnover, of which:	**751.175.663**	**756.505.986**
Sales of finished products	737.120.289	745.213.067
Services rendered	8.441.329	8.406.212
Sales of goods	4.048.046	1.816.649
Income from other activities (rental, sales of materials and packaging)	751.494	517.895
Income from grants related to turnover (European funds projects)	814.505	552.163
Other operating income	**21.171.463**	**11.163.809**
Total operating income	**772.347.126**	**767.669.795**

Other operating income consist of:

Explanations	2019	2018
Revenues from production assets	11.575.340	6.523.627
Income from investment subsidies (European funds projects)	4.392.357	3.681.963
Revenue from the revaluation of tangible assets and real estate investments	4.900.958	0
Other operating revenues	302.808	958.219
Total other operating income	**21.171.463**	**11.163.809**

Business segments

The Group management regularly evaluates its work to identify operating segments for which information must be reported separately.

The group operates in Romania. Group revenues presented above are entirely attributable to the country of residence

Assets other than financial instruments, deferred tax assets, post employment benefit for claims and the rights arising from insurance contracts are all located in Romania. The Group has no such fixed assets located in other countries.

The company operates in Romania. Company revenues presented above are entirely attributable to home country.

The export income for 2019 is of 594.94 mil.lei, representing 77,97% of the turnover.
The first three external clients provide 487 mil.lei worth of income. This represents aproximately 61% of the turnover. Revenues are attributable to activity in Romania

16. EXPENSES BY NATURE

Operating expenses during the years 2018 and 2019 and their nature are presented in the table below:

Explanations	2019	2018
Material expenses	497.150.305	497.394.870
Differences of stock	-10.243.352	-3.184.244
Employee benefits expense, of which:	161.619.505	149.458.100

(All amounts are expressed in RON, unless otherwise specified)

Explanations	2019	2018
Wages and salaries	157.939.763	146.097.864
Expenditure on social security and welfare	3.679.742	3.360.236
Value adjustments on property	47.555.445	41.172.613
Value adjustments on current assets	-545.233	138.033
Expenditure on services provided by third parties	30.066.704	32.524.492
Other taxes, duties and similar	5.253.772	5.042.817
Adjustments for provisions	0	0
Expenses with the reassessment of tangible assets and real estate investments	1.076.707	0
Other operating expenses	2.845.792	3.328.877
Total operating expenses	**734.779.645**	**725.875.558**

17. ANALYSIS OF OPERATING RESULT

Explanations	2019	2018
Operating income	772.347.126	767.669.795
Cost of sales	-696.741.471	-693.331.626
Sales and distribution expenses	-1.975.647	-1.808.416
Administrative costs	-22.047.895	-19.414.853
Expenditure on R&D	-14.014.632	-11.320.663
Operational result	37.567.481	41.794.237

18. EMPLOYEE BENEFITS EXPENSE

Employee benefits expenses include salaries, allowances and social security contributions.

Short-term benefits are recognized as expenses as the services are rendered.

Explanations	2019	2018
Wages and salaries	157.939.763	146.097.864
Expenditure on social security and welfare	3.679.742	3.360.236
TOTAL	**161.619.505**	**149.458.100**

19. LOSSES (GAINS) FINANCIAL

LOSSES (GAINS) FROM SHARES IN ASSOCIATES

Structure losses (gains) financial statements is presented below:

Explanations	2019	2018
Gain from exchange differences relating to monetary items denominated in foreign currency	-2.000.420	-1.419.711
Loss of interest	-938.238	-523.661
Other financial gains	-460.658	-437.762
Total losses / gains	**-3.399.316**	**-2.381.134**

(All amounts are expressed in RON, unless otherwise specified)

20. EPS (Earnings per share)

Explanations	2019	2018
Number of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
Number of shares at the end of the year	**218.821.038**	**218.821.038**
Net profit	**33.229.407**	**35.915.908**
Earnings per share (in RON per share) basic / diluted:	**0,15**	**0,16**

21. RELATED PARTIES

Affiliated entities are:

Related party	% ownership	Object of activity
COMPAIT SRL	100,00	Activities of providing software on request
TRANS C.A.S. SRL	99,00	Road transport of goods
RECASERV SRL	70,00	Catering activities for different events

Affiliated entities of company COMPA S.A. Sibiu were established over time, due to the need of outsourcing some specific activities such as: software design, domestic and international auto transport, catering, etc. Outsourcing was done to streamline these activities and to benefit from some facilities granted by the state for some activities (IT activity, transport licenses, etc.)

Most of transactions, contracts with these affiliated entities represent provision by COMPA (owner of special and specific installations), of utilities like: electricity, heating, tap water, phone services, compressed air, rental of premises and equipment necessary for the activity, as well as contracts for the supply of goods and services.

On the other hand, these affiliated companies provide goods and services to COMPA which represent their object of activity and for which the outsourcing was intended.

Relations were governed by commercial terms of free market, prices were established by negotiation within the frame of market indicated levels.

Transactions made between 2015 and 2014 with companies where COMPA holds shares, were the following(the amounts include VAT) :

Explanations	2019		2018	
The company to which the securities are held	**Purchases of goods and services**	**Sales of goods and services**	**Purchases of goods and services**	**Sales of goods and services**
TRANS C.A.S. S.R.L.	18.268.690	420.995	19.560.341	541.756
COMPA IT S.R.L.	2.983.330	42.985	2.452.052	65.743
RECASERV S.R.L.	1.629.561	58.696	1.722.849	175.915

(All amounts are expressed in RON, unless otherwise specified)

Mutual liabilities and receivables recorded at 31.12.2019 and 31.12.2018 are the following:

COMPA S.A. 's receivables from:

Explanations	2019	2018
TRANS C.A.S. S.R.L.	36.157	359.518
COMPA-IT S.R.L.	3.770	47.417
RECASERV S.R.L.	11.067	131.622

COMPA S.A. debts paid by:

Explanations	2019	2018
TRANS C.A.S. S.R.L.	2.510.259	3.255.750
COMPA-IT S.R.L.	913.325	870.627
RECASERV S.R.L.	282.214	453.454

Outstanding balances are not guaranteed. No guarantees were established, nor were received for receivables or payables to related party.

BRANCHES

Company management

List of administrators of the company:

NAME AND FIRST NAME	QUALIFICATION	POSITION
DEAC Ioan	Engineer	Chairman & CEO
MICLEA Ioan	Economist	Member BoD & CFO
BALTEŞ Nicolae	Economist	Member BoD - Chairman Audit Committee
VELŢAN Ilie-Marius	Economist	Member BoD – Member of the Audit Committee
MAXIM Mircea Florin	Engineer	Member BoD

List of members of executive management of the Company:

NAME AND FIRST NAME	POSITION
DEAC Ioan	CEO
MICLEA Ioan	CFO
FIRIZA Ioan	Organizational Management & HR Director
BĂIAŞU Dan-Nicolae	Commercial Director
ACU Florin-Ştefan	Technical Director
MUNTENAŞ Bogdan-Vasile	Logistics Director
HERBAN Dorin-Adrian	System management & Continuos improvement Director
ŢUICU Liviu-Laurenţiu	Quality and Environment Director
ŢUŢUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director
DRAGOMIR Marius-C-tin	Head of Maintenance

Transactions with the Company's management members are limited to wages and salaries:

Explanations	2019	2018
Salaries and allowances granted to members of the Board and executive management members	**6.344.891**	**6.418.481**

22. EMPLOYEE BENEFITS

The Group makes payments on behalf of its employees to the Romanian state pensions system, health insurance and unemployment benefit in the normal course of business. All Group employees are members and have a legal obligation to contribute (through social security contributions) to the State pension plan (a State defined contribution plan). All related contributions are recognized in the result of the period in which incurred.

The Group is bound by the collective labor agreement to provide benefits upon termination of the labor contract when employment is terminated for reasons not attributable to employees Benefits are valued at 0,5 - 5 base salaries , depending on length of service of employees in the Group.

Also, according to legal regulations and collective labor contract, employees who retire at age limit are entitled to an indemnity end career worth an average salary corresponding to the position occupied at the retirement date, adjusted with seniority employees in the Group.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Evaluation of the company's activity providing risk management

Managing the risks that may arise in the activity of any company is one of the objectives for which the Company's management pays special attention. The risk management activity is permanent, precisely to prevent any possible damage.

The risks monitored by COMPA are:

23.1. Risks related to commercial activity.

Commercial activity, in particular the marketing activity is an important area in the operation of the company.

– Ensuring the portfolio of medium and long term orders to the customer, as a result of the offer, of competitive products, attractive to the customer and profitable for COMPA; This objective is a major wish to be achieved, knowing that in the automotive field the demand for quality - price ratio is high.

– The timely delivery, as the target of the commercial activity, must be fulfilled equally; Delays in delivery for different reasons (non-finalization of manufacturing lots, problems with transport of materials or delivery of products) are risks that must be managed, mitigated and eliminated, without having any effect on customers.

– Delivery of non-compliant products is another risk of commercial activity, which must be eliminated. In the auto industry the quality of the delivered products is a priority. Poor quality or questionable quality products can be important reasons in the relationship with business partners, which can lead to temporary or total disruption of collaboration relationships. In this context, COMPA has clear procedures within the quality assurance system and instruments that prevent the operator from producing non-compliant products.

– Improving the logistics and inventory management system leads to the reduction of the risks of delays in manufacturing, of the risks of delays in delivering products to the customer.

23.2 Currency risk

The impact of currency risk on the economic and financial activity of COMPA is limited or even eliminated because all prices of products manufactured in the company are negotiated with customers in Euro. Also, the products delivered in Romania have the prices negotiated in euro with billing in lei during the day.

With a surplus of euro due to the fact that the production is mainly delivered for export, there are no major risks in the RON / EURO ratio, but in the vast majority of cases the sale of EURO was done at a more favorable rate than the rate established by the NBR.

23.3 Investment risk

The large investment expenses made by COMPA in 2019 (over 19 million euro) could have created pressure on CASH FLOW, in which these expenses would have exceeded the provisions of the Income and Expenditure Budget for 2019. Knowing the level of planned investments and by monitoring their settlement against the resources included in the Budget, it resulted that the risks of this activity were eliminated.

23.4. Risks arising from the lack of predictability of tax legislation

In the last years, the legislation of the country in the fiscal field has undergone important changes that prevent the companies, to a great extent, to be able to carry out the programs established in the medium and long term. In 2019 there have been important changes to the Fiscal Code with major impact on the activity of private companies. The increase of the minimum wage in the economy with an increase rate over the expectations of the industrial companies, created great pressure on the management of COMPA in the annual negotiation process of the Collective Labor Contract, concluded with the Unions and the employees' representatives. These wage increases have created a strong pressure on the salary costs of the year 2019 with major impact on the Profit and Loss Account.

23.5 Insolvency risk

In 2019, this risk did not influence the activity of the company. It was followed at the top level of the company management the collection in due time of the invoices. The reasons for refusing the invoices from the clients were analyzed and monitored until their solution.

Measures have been taken to reduce the risk of insolvency by:

- committing investment credits to finance the expenses included in the budget of incomes and expenses;

- reducing costs in order to fit in the profit margin established in the budget;
- negotiation with suppliers to defer the payment term for materials, tools and benefits;

- delivery to new or lesser known customers, only on the basis of payment instruments that guarantee the collection guarantee: order ticket, CEC.

23.6 Risk of theft

This risk is very low. The company has installed an extensive system of cameras, in the alleys, in the production workshops, in the storage, packing, delivery spaces, meant to help limit and eliminate this risk.

23.7. Risk of spread of COVID 19 coronavirus epidemic on company activity

This risk appeared at the end of 2019, with a major effect in the first part of 2020 we consider to be worth highlighting.

It is one of the most serious risks with an impact on the whole of mankind, which since January has had a rapid spread from China, continuing with Europe and around the globe. COMPA's management, taking note of the rapid spread of COVID 19 in Europe, to limit the contamination of employees within the company, approved an important set of measures that we present in the following:

– awareness of the staff regarding the urgent need to protect everyone against coronavirus; a Good Practice Guide was prepared and edited together with a plan of measures that was handed out to each employee.

-a sufficient number of dispensers (30 pcs) for hand disinfection were installed at the access gates

– it was decided to renounce meetings with more than 5 people, using mainly the digital means of communication at the management level.

– the use of the means of individual protection of the people who are in more frequent contact with people who come from outside (visitors, drivers of freight trains, etc.)

– measures were taken to maintain the proximity between the employees in the production workshops, offices, changing rooms, in order to reduce the density of people through:

– work at home, where the work performed by the employee, allows it;

– work in shifts, even in workshops where there is only one shift;

– relocations of work places;

– visual warnings at personnel access points;

– increased measures of occupational hygiene and disinfection in more crowded spaces: canteen, changing rooms, toilets;

– interventions to the providers of transport benefits, regarding the obligation of daily disinfection of the means of transport or whenever necessary;

– area limiting or giving up actions or meetings that are not strictly necessary, especially with external partners;

– reducing within the possibilities of the personnel flow between the company departments;

– protective measures to avoid top management contamination;

– daily meetings by digital means between the top management of the company and the managers of the workshops and compartments for information and transmission of measures to be transmitted and respected by all staff.

24. CONTINGENT LIABILITIES AND COMMITMENTS

The Company is involved in several Court Actions resulted from its normal activity.

The Board of Directors consider that except for the amounts described in the financial situations (provisions, impairment adjustements for assets depreciations) any other Court actions won't have a significant negative impact over the economical results and over the financial situation of the Company.

There are different authorized agencies for control and audit activities in Romania. These controlling activities are similar to financial audits performed by the financial authorities in various countries, but they can additionally audit other domains (such as legal aspects) depending on the agency profile.

The Company is very likely to be subjected to such controls so that presumed violations of laws and regulations can be investigated.

Although the Company may contest the penalties applied because of these audits, new laws and regulations given by the Romanian State may have a significant impact over the funcitonaing of the Company. Romania's financial system is under continuous development with many different interpretations and constant modifications which can sometimes be retroactive. The prescription period for fiscal controls is of 5 years.

The financial law in Romania contains price transfer for affiliate transactions, which date back to 2000. The current legal framework defines the "market value" principle for affiliate transactions as well as the methods of pricing transfer. As a result, it can be anticipated that the financial results as well as the value of the imported goods in the Customs is not distorted by the effect of the prices charged in relations with affiliated persons. Considering the aboce, the Company cannot quantify the impact of verification.

25. EVENTS AFTER THE BALANCE DATE

The spread of the COVID-19 Coronavirus epidemic across Europe, particularly in countries such as: Germany, France, Italy, England, Czech Republic, Slovakia, where the auto industry is strongly developed, is strongly uncertain about the COMPA Group.

The COMPA group is mainly oriented towards the production of components for the automotive industry, any changes that may occur in the manufacture of car manufacturers directly affect the manufacture of components at COMPA.

On the other hand, knowing that the required material base COMPA is almost exclusively imported, especially from Western Europe, any syncope in the supply chain will also inevitably affect the COMPA group.

Given the unpredictable influences that can appear both from customers and from suppliers, the COMPA Group cannot now make estimates on the effects of these independent influences from COMPA, it cannot make estimates on the evolution of costs, in contrast to costs salaries and other cost categories.

We also do not have the possibility to estimate the effects in the economic activity of the company in achieving the proposed objectives, given that the epidemic of Coronavirus will directly affect the COMPA Group, if there will be a wider spread even among the employees of the Group, despite the measures of protection taken.

Therefore, these uncertainties, under different aspects, cannot be anticipated and managed now, at the time of analysis, they cannot be quantified at this time, and we will monitor these risks and diminish the magnitude of their effects.

CEO, **CFO,**

Ioan DEAC **Ioan MICLEA**