

- Translation from the Romanian language –

Report on semester I / 2017

Date of report: 11.08.2017
Name of the company: COMELF SA
Address: Bistrita , str. Industriei nr.4
Phone / fax : 0263.234462 / 0263.238024
ORC tax identification number: 568656
Order number at Trade Register: J06 /2 /1991
Share capital subscribed and paid : 13.579.505 lei
Regulated market trading issued securities: B.V.B

Main indicators, thousands lei	Semester 1- 2017	Semester 1- 2016	Δ %
Total project revenue, merchandise sales and others assimilated to the turnover out of which:	93.835	92.285	1,68
Income from construction contracts	88.084	86.877	1,39
Profit / (Loss) of the period	2.457	3.549	(30,77)
EBITDA	8.805	10.797	(18,45)
Interest-bearing loans	38.368	40.411	(5,06)

* The financial figures are audited and present the individual results of Comelf SA, prepared in accordance with International Financial Reporting Standards (IFRS);

- **COMELF SA's operating revenues** were 93.8 million RON in S1 / 2017, 1.68% higher than in S1 / 2016, due to the increase in revenues related to the core activity, an increase mainly due to the structure of the products sold in the first semester of 2017, whose average sales / ton of product were higher for their complexity.
- **The profit of the period** was lower in S1 / 2017 compared to the one realized in the same period of the previous year by 30.77%, the main factors that had unfavorable influence on the profit evolution were:

i) the price increase of the raw materials compensated only partially by the increase of the selling prices;

ii) the minimum wage increase to 1,450 lei / person since February 1, 2017, as well as the lack of qualified personnel on the local labor market, which indirectly generates additional costs with the salaries of the qualified, directly productive staff;

iii) the financial result in S1 / 2017 for COMELF SA remained negative, being mainly influenced by the differences generated by the evolution of the exchange rate;

The company's patrimony as of 30.06.2017 highlights the fact that:

- (i) the net asset value of the fixed assets decreased as a result of their amortization and the fact that the new investments made in the first half of 2017 did not cover the level of depreciation;
- (ii) current assets increased by 5.91% on 30.06.2017 as compared to 31.12.2016, due to the increase in trade receivables and cash assets of the company;
- (iii) equity decreased by 1.96% to 70 million RON in S1 / 2017 compared to 31.12.2016 due to the distribution of dividends related to the net result of 2016, amounting to 3.8 million lei, partially compensated by net result accumulated during the first 6 months of 2017;
- (iv) the interest-bearing loans of the company decreased from 40 million RON on 31.12.2016 to 38 million lei on 30.06.2017 as a result of the repayment of the term loan according to the maturity period between 01.01.2017-30.06.2017;

The working capital on 30.06.2017 is 31.877.300 lei (31.12.2016: 31.787.700 lei), the increase in receivables is balanced by the increase of the debts to the suppliers;

The audited financial statements on 30.06.2017, together with the Board of Directors' Report and the Audit Report, are posted on the www.comelf.ro website in the "Daily Information" section.

The financial statements and reports were sent to the BVB and the ASF and can be consulted on their websites.

General Manager,
eng. Dorin Stoian

Economic Manager,
ec. Dana Tatar

Undersigned, Magda Ionela Roxana, authorized translator by the Ministry of Justice, number of authorization 24666/2012, I certify the accuracy of this translation in English, according to the Romanian document handed to me.

Translator,

Magda I. Roxana



- Translation from the Romanian language –

COMELF SA Administrators' Report according to the CNVM Regulation no. 1/2006
Annex 31

Date of report: 11.08.2017

Name of the company: COMELF SA

Address: Bistrita , str. Industriei nr.4

Phone / fax : 0263.234462 / 0263.238024

ORC tax identification number: 568656

Order number at Trade Register: J06 /2 /1991

Share capital subscribed and paid on 30th June 2017: 13.036.325,34 lei

Regulated market trading issued securities: BVB

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders of Comelf SA, prepared for the financial year 2017 the present report on the balance sheet, the profit and loss account, the statement of changes in equity, the cash flow statement, Accounting and explanatory notes included in the individual financial statements of semester 1/2017.

These financial statements are presented together with this Administrator's Report and refer to:

Total equity: 70,452,254 RON

Total Income: 95,419,628 RON

Profit for the period: 2.457.025 RON

1. Economic and financial situation

1.1. Presenting an analysis of the current economic and financial situation compared to the same period last year:

a) Balance sheet items COMELF SA:

RON	31st December 2016	30th June 2017
ACTIVES		
Non-current actives	103.660.210	100.018.942
Total current actives, out of which:	78.613.135	83.260.594
Stocks	8.826.250	8.194.446
Creante comerciale si alte creante	64.303.156	68.688.963
Cash and short-term deposits	5.335.529	6.055.680
Total actives	182.273.345	183.279.536

Own equity and debts	182.273.345	183.279.536
Total Capital, of which:	71.862.676	70.452.254
Share capital	13.579.505	13.579.505
Adjustments of the share capital	8.812.271	8.812.271
Other equity items	(3.081.039)	(3.081.039)
Reserves	58.683.195	57.598.359
Reported result	(7.617.345)	(6.385.271)
The result of the exercise		
Total Liabilities of which:	30.443.448	26.476.424
Long-term bank loans	4.350.646	2.218.458
Provisions for risks and expenses	6.818.830	6.778.229
Deferred tax liabilities	10.932.280	10.725.644
Subsidies for long-term investment	8.341.692	6.754.093
Total current liabilities, of which:	79.967.221	86.350.858
Commercial and similar debts	37.861.532	43.873.236
Loans and interest-bearing loans	36.060.342	36.149.942
Provisions for risks and expenses	2.042.482	1.776.803
Subsidies for short-term investment	4.002.865	4.550.877
Total equity and liabilities	182.273.345	183.279.536

b) Profit and loss account COMELF SA:

RON	30 th June 2016	30 th June 2017
Income	93.423.906	95.419.628
Operating result	5.186.716	3.848.915
Financial result	(837.680)	(1.011.564)
Profit before tax	4.349.036	2.837.351
Profit tax expense	799.559	380.326

Profit of the financial year	3.549.477	2.457.025
Number of shares	23.412.940	23.412.940
Output per share	0,15	0,10

The operating revenues of COMELF SA were 95 million RON in S1 / 2017 compared to 93 million RON in S1 / 2016, up with 2.15%, due to the increase in revenues related to the core business.

The most important weightings in the total operational revenues were the operational revenues of the Territorial Equipment Factory (FUET), namely 33.08% of the total and the operational revenues generated by the Factory of stainless steel products FPI and 30.02% respectively, both Being the most cost-effective production entities of COMELF SA, followed by the Filter and Electrofilter Factory.

2. Analysis of the company's activity

2.1. The presentation and analysis of the trends, items, events or uncertainty factors that affect or could affect the company's liquidity, as compared to the same period last year.

Comelf SA was not unable to meet its financial obligations in the analyzed period.

2.2 The presentation and analysis of the effects on the financial position of the company of all capital expenditures, current or anticipated, compared to the same period last year.

Capital expenditures relating to the first semester 2017 were **1.6 million RON** (first semester of 2016 = 3.5 million RON).

2.3. The presentation and analysis of the events, transactions and economic changes that significantly affect earnings from core business. Specify the extent to which the revenue of each identified item has been affected. Comparison with the corresponding period last year.

The economic and financial operations related to the semester 1/2017 were recorded correctly, based on legal documents drawn up. The obligations stipulated by the law regarding the correct and up-to-date organization and management of accounting, compliance with the accounting principles, compliance with the rules and accounting methods provided by the regulations in force have been fulfilled.

The obligations to the state and local budgets, to the special funds, have been correctly established and the transfers were made in accordance with the legal provisions.

We also mention that individual income, expense and financial result for the first six months of 2017 are reliably reflected in the profit and loss account.

3. Changes affecting the capital and management of the company

3.1. Description of cases in which the company was unable to meet its financial obligations during that period:

It's not the case.

3.2. Description of any change in the rights of the holders of securities issued by the company:

It's not the case.

5. ANNEXES

It is attached to this report, in copy:

- the balance sheet, on 30.06.2017;
- Declaration of the General Manager of Comelf SA regarding the assumption of responsibility for the preparation of the financial and accounting statements related to semester 1/2017;
- the shareholding structure on 30.06.2017;
- copies of the supporting documents for all changes to the constitutive acts of the company, as well as to the management structures of the commercial company (administration, executive, etc.)

6. **Note:** Financial statements for the first semester of 2017 have been audited.

Annexes:

Shareholder Structure at the reference date June 30th , 2017:

	Number of shares	% holding
Uzinsider S.A.	18.171.045	77,61%
Other shareholders	5.241.895	22,39%
Total	23.412.940	100%

Management structures:

On 30th June 2017, COMELF S.A. company management had the following structure:

- Members of the Board of Directors of the Company:

Savu Constantin	president
Babici Emanuel	member
Mustata Costica	member
Maistru Ion	member
Parvan Cristian	member

- Members of the Executive Management of the Company:

Stoian Dorin	Executive Manager
Cenusa Gheorghe	Deputy General Manager

Tatar Dana
Cudrec Adrian
Jurje Valeriu
Timofte Antoniu
Pop Mircea
Oprea Paul

Economic Manager
Manager DIM
Factory General Manager
Factory General Manager
Factory General Manager
Factory General Manager

Statement of the management

According to the best available information, we confirm that the individual financial statements for the first semester of 2017, prepared in accordance with International Financial Reporting Standards, provide a true and fair view of the assets, liabilities, financial position and profit and loss of Comelf SA, as it is provided by the applicable accounting standards.

We also confirm that the operational performance situation and the information presented in this report provide a fair and consistent picture of the main events that took place during the first six months of 2017 and their impact on the financial statements.

President of the Board- eng. Savu Constantin

Executive Manager -eng. Stoian Dorin Radu

Economic Manager -ec. Tatar Dana

Undersigned, Magda Ionela Roxana, authorized translator by the Ministry of Justice, number of authorization 24666/2012, I certify the accuracy of this translation in English, according to the Romanian document handed to me.

Translator,
Magda I. Roxana



- Translation from the Romanian language –

INTERIM FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017

COMELF S.A.

Tax Identification Number 568656

Registration Number J06/2/1991

4 Industriei Street

420063 Bistrita

Romania

Statement of financial situation	1
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S.C. COMELF S.A.
INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017
(All amounts are expressed in lei unless otherwise indicated)

STATEMENT OF FINANCIAL SITUATION on 30th June 2017

	Note	30 th June 2017	31 st December 2016
Actives			
Intangible assets	5	714.294	906.950
Tangible assets	5	99.108.539	102.557.151
Financial assets available for sale	6	196.109	196.109
Total non- current assets		100.018.942	103.660.210
Advance payments for tangible assets		321.505	148.200
Stocks	7	8.194.446	8.826.250
Account receivables from construction contracts	8	64.543.781	61.548.607
Commercial account receivables and of other types	9	4.145.182	2.754.549
Current tax account receivables		-	-
Cash and cash equivalents	11	6.055.680	5.335.529
Total Current Actives		83.260.594	78.613.135
Total Actives		183.279.536	182.273.345
Capital	12	13.579.505	13.579.505
Adjustments of the capital	12	8.812.271	8.812.271
Other elements of equity	12	(3.081.039)	(3.081.039)
Reserves	12	57.598.359	58.683.195
Own shares	12	(2.528.596)	(2.528.596)
Reported result	12	(6.385.271)	(7.617.345)
The result of the exercise	25	2.457.254	4.014.685
Total shareholder's equity		70.452.254	71.862.676
Debts			
Long term bank loans	13	2.218.458	4.350.646
Debts for postponed tax	22	10.725.644	10.932.280
Provisions for risks and expenses	21	6.778.229	6.818.830
Debts for postponed income	23	6.754.093	8.341.692
Total long term debts		26.476.424	30.443.448
Overdrafts	13	31.877.300	31.787.700
The current portion for the long term loan	13	4.272.642	4.272.642
Commercial and other types of debts	14	43.873.236	37.861.532

S.C. COMELF S.A.
INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017
(All amounts are expressed in lei unless otherwise indicated)

Provisions for risks and expenses	21	1.776.803	2.042.482
Debts for postponed income	23	4.550.877	4.002.865
Total current debts		86.350.858	79.967.221
Total debts		112.827.282	110.410.669
Total shareholder's equity and debts		183.279.536	182.273.345

Stoian Dorin
General Manager

Tatar Dana
Economic Manager

**PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF
GLOBAL INCOME**

In LEI	Note	30 th June 2017	30 th June 2016
Continuous operations			
Income			
Income from construction contracts	15	88.083.833	86.876.568
Income from selling goods		2.779.758	2.779.121
Other income connected to turnover	16	2.971.337	2.629.326
Total income		93.834.928	92.285.015
Other income	16	1.584.700	1.138.891
Expenses			
Raw materials and consumables expenses		(41.446.722)	(37.806.142)
Electricity and water expenses		(2.275.149)	(2.348.614)
Goods expenses		(2.616.936)	(2.715.527)
Staff expenses	17	(27.012.274)	(25.586.731)
Transport costs	18	(4.113.102)	(4.791.442)
Other costs related to income	19	(9.088.769)	(9.286.168)
Amortization and depreciation of fixed assets costs	5	(5.262.172)	(5.146.387)
Financial expenses, net	25	(1.011.564)	(837.680)
Adjustments for depreciation of current assets, net	8	-	44.478

S.C. COMELF S.A.
INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017
(All amounts are expressed in lei unless otherwise indicated)

Provisions costs for risks and expenses, net	21	(306.281)	(508.094)
Other expenses	19	(61.870)	(92.563)
Total expenses		(92.582.277)	(89.074.870)
Profit before tax profit		2.837.351	4.349.036
Tax profit	20	(380.326)	(799.559)
Profit from continuous operations		2.457.025	3.549.477
Profit from discontinuous operations		-	-
Period's profit		2.457.025	3.549.477
Other elements of global results			
Elements which will not be reclassified in expenses or income			
Value changes of the used assets, resulted after the reevaluation, tax net		-	-
Elements which can be reclassified in expenses or income			
Value changes of the securities available for sale	3	-	-
Total profit of loss account and other elements of global result		2.457.025	3.549.477
Earnings per share			
Earnings per basic share	24	0,10	0,15
Diluted earnings per share	24	0,10	0,15

Stoian Dorin
General Manager

Tatar Dana
Economic Manager

S.C. COMELF S.A.
INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017
(All amounts are expressed in lei unless otherwise indicated)

S.C. COMELF S.A.**INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017**

(All amounts are expressed in lei unless otherwise indicated)

STATEMENT OF CHANGES IN EQUITY	Registered Capital	Adjustments to the registered capital	Reserves out of the revaluation	Legal Reserves	Other reserves	Own shares	Resulted income	Total equity
Balance on 1st January 2016	13,579,505	8,812,271	45,301,909	2,362,915	12,487,899	0	-6,596,867	75,947,632
Profit or loss account and other elements of the global income								
Profit or loss							4,014.685	4,014.485
Other elements of global income								
Net change in fair value of financial assets available for sale			-19.203					-19.203
Changes in value of used assets			1,019,869					1,019,869
Movements in the profit and loss account and other elements of global result								
Revaluation differences achieved, transferred to the detained result/income			-1,468.054				1,468.054	0
Constituted legal reserves				147.238			-147.238	0
Total profit or loss account and other elements of the global income	0	0	-1,487.257	147.238	0	0	5,335.501	3,995.482
Deferred tax related to revaluation reserves			-3,210.548	0	0	0	0	-3,210.548
Total tax profit exempt, but postponed:			-3,210.548	0	0	0	0	-3,210.548
Transactions with shareholders recorded directly in equity								
Repurchased own shares						-2,528.596		-2,528.596
Contributions from and distributions to the shareholders / employees	-	-	-	-	-		-2,341.294	-2,341.294
Total transactions with shareholders						-2,528.596	-2,341.294	-4,869.890
Balance on 31st December 2016	13,579,505	8,812,271	40,604,104	2,510,153	12,487,899	-2,528,596	-3,602,660	71,862,676

S.C. COMELF S.A.**INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017**

(All amounts are expressed in lei unless otherwise indicated)

STATEMENT OF CHANGES IN EQUITY	Registered Capital	Adjustments to the registered capital	Reserves out of the revaluation	Legal reserves	Other reserves	Own shares	Resulted income	Total equity
Balance on 1st January 2017	13.579.505	8.812.271	40.604.104	2.510.153	12.487.899	-2.528.596	-3.602.660	71.862.676
Profit or loss account and other elements of the global income								
Profit or loss							2.457.025	2.457.025
Other elements of global income								0
Net change in fair value of financial assets available for sale								
Changes in value of used assets								
Movements in the profit and loss account and other elements of global result								
Revaluation differences achieved, transferred to the detained result/income			-1.084.836				1.084.836	0
Constituted legal reserves								
Total profit or loss account and other elements of the global income	0	0	-1.084.836	0	0	0	3.541.861	2.457.025
Deferred tax related to reserves from reinvested profit - current year								
Deferred tax related reserves from reinvested earnings - previous year								
Total tax profit exempt, but postponed:	0	0	0	0	0	0	0	0
Transactions with shareholders recorded directly in equity								
Repurchased own shares						0		0
Contributions from and distributions to the shareholders / employees	-	-	-	-	-	-	-3.867.447	-3.867.447
Total transactions with shareholders							-3.867.447	-3.867.447
Balance on 30th June 2017	13.579.505	8.812.271	39.519.268	2.510.153	12.487.899	-2.528.596	-3.928.246	70.452.254

CASH FLOW STATEMENT

For a 6 month period completed on	30 th June 2017	30 th June 2016
Cash flows from operating activities		
Profit over the period	2,457,025	3,549,477
Adjustments for:		
Depreciation of fixed assets	5,262,172	5,146,387
Net Loss (+) / Profit (-) from selling the tangible assets	0	0
Value loss of financial assets	0	0
Value and loss adjustments of the current assets	0	-44,478
Provisions for risks and expenses	-306,281	508,094
Income from grants for investments	-1,039,593	-1,045,697
Income from the production of assets	-105,617	-18,181
Income from operating grants	-53,218	-44,117
Net financial expenses	1,011,564	837,680
Profit tax expenses	380,326	799,559
Change of stocks	-631,804	-2,144,810
Change of commercial receivables	-3,233,536	-2,944,016
Change of other debtors/ borrowers	-8,162	-4,860
Change of debts with staff and asimilated debts	1,446,537	3,259,165
Change of receivables to the state – VAT	-2,463,308	-2,757,410
Change of other debts to the state	-181,220	-291,327
Change of various creditors	0	0
Change of the suppliers' advance payments	161,910	6,789
Change of commercial debts	-559,398	-1,308,449
Change of other positions	0	-50

S.C. COMELF S.A.**INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017****(All amounts are expressed in lei unless otherwise indicated)**

Change of expenses and income in advance	0	0
Paid interests	-186,728	-241,616
Paid profit tax	-302,215	-333,981
Net cash from operating activities	1,648,464	2,928,159
Cash flows from investment activities		
Variations of intangible assets	-192,656	-21,761
Variations of tangible assets	-3,448,612	-2,035,854
Cashing grants for investments	1,039,593	1,045,697
Variation of the fixed assets guarantees	0	0
Cashed bank interests	21	2,307
Net cash used for investment activities	-2,601,654	-1,009,611
Cash flows from financing activities		
Variation of the capital accounts	2,275,627	3,118,444
Variation of the long term loans	-2,132,188	-2,156,250
Variation of the short term loans	89,600	336,519
Variation of the financial leasing contracts	0	0
Net cash from (used for) financing activities	233,039	1,298,713
Net variation of cash and cash equivalents	-720,151	3,217,261
Cash and cash equivalents on 1 st January 2017:	5,335,529	10,154,997
The effect of foreign exchange rate variation on cash	0	0
Cash and cash equivalents on 30th June 2017	6,055,680	6,937,736

OPIS NOTE

1. The reporting entity	17. Staff costs
2. Basis of preparation	18. Transport costs
3. Significant accounting policies	19. Other operating expenses
4. Significant Risk Management	20. Income Taxes
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13. Loans	29. Segment Operating Reporting
14. Commercial and other types of debts	30. Subsequent events to the date of the balance
15. Income from construction contracts	31. Approval of financial statements
16. Other income	

NOTES TO THE FINANCIAL INDIVIDUAL STATEMENTS IN COMPLIANCE WITH IFRS

1. The reporting entity

COMELF S.A. (“The Company”) is a joint-stock company, which operates in Romania in compliance with the provisions of the Law 31/1990 regarding trading companies and the Law 297/2004 on capital market, with its subsequent additions and alterations. The company is headquartered in Bistrita, 4 Industriei Street, Bistrita-Nasaud County, Romania.

The company was established as a trading company in 1991 following the reorganization of the former Technological Equipment Enterprise Bistrita.

Company's shares are listed on the Bucharest Stock Exchange, regulated market, with the indicative CMF, since 20th November 1995. The record of the shares and shareholders is held according to the law, by SC Depozitarul Central S.A. Bucharest.

Our main activity is the production of engines and turbines (except aircraft, motor vehicles and motorcycles). The company is also manufacturing equipment, parts and components for power plants and environmental protection, equipment for earthmoving, lifting and transportation, including their parts, metal constructions.

2. Basis of preparation

a. Declaration of Conformity

The financial statements have been prepared by the Company in accordance with:

- The International Financial Reporting Standards adopted by the European Union (“IFRS”)
These financial situations of the Company have been done in accordance with the requirements of the Order of the Ministry of Finance in 1286 from 2012, for approval of accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market. The International Financial Reporting Standards are standards adopted under the procedure laid down in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19th July 2002, on the application of The International Accounting Standards. The date of Transition to The International Financial Reporting Standards was 1st January 2011;
- The Accounting Law 82/1991, republished and updated.

The financial statements completed on 30th June 2017 are to be read together with those completed on 31st December 2016, according to the same framework of financial statements.

3. Accounting policies

The accounting policies are in accordance with the annual financial statements from 31.12.2016 The IFRS's amendments, valid for the financial statements which will be completed on 31.12.2017 are not expected to have a significant effect on the company.

4. Significant Risk management

The Company's management believes that risk management should be done in a consistent methodological framework and that their management is an important component of the strategy to maximize profitability, achieving a desired level of profit while maintaining an acceptable risk exposures and compliance with legal regulations. Formalized risk management procedures determined by the Company's management is integral part to the strategic objectives of the Company.

Investment activity exposes the Company to a variety of risks associated with owned financial instruments and financial markets in which it operates. The main risks to which the Company is exposed are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- economic environment risk;
- operational risk.
- capital adequacy

General risk management strategy aims to maximize Society's profits compared to the level of risk to which it is exposed and minimize any potential adverse variations on the financial performance of the Company.

The Company has implemented policies and procedures to manage and evaluate the risks to which it is exposed. These policies and procedures are presented in the section dedicated to each type of risk.

(a) Market Risk

Market risk is the risk of a loss or of not getting the expected profit as a result of fluctuations in prices, interest rates and exchange rates of currencies.

The Company is exposed to the following market risk categories:

(i) Price risk

The Company is exposed to price risk with the possibility that the value of projects fulfillment costs to be higher than the estimated value of such contracts, thus making them run at a loss. The carrying amount of financial assets and liabilities maturing in less than one year approximates to their fair value.

The table below summarizes the carrying amounts and fair values of financial assets and liabilities maturing in less than 1 year of the Company on June 30th 2015 and December 31st 2014:

	30th June 2017		31st December 2016	
	Book value	Fair value	Book value	Fair value
Current tax receivables	-	-	-	-
Receivables from construction	64.543.781	64.543.781	61.548.607	61.548.607

S.C. COMELF S.A.
INDIVIDUAL FINANCIAL STATEMENTS IFRS ON 30th JUNE 2017
(All amounts are expressed in lei unless otherwise indicated)

contracts				
Trade and other receivables	4.145.182	4.466.687	2.902.749	2.902.749
Advance payments for tangible assets	321.505	321.505	148.200	148.200
Cash and cash equivalents	6.055.680	6.055.680	5.335.529	5.335.529
Short-term bank credit	(31.877.300)	(31.877.300)	(31.787.700)	(31.787.700)
The current portion of long-term loans	(4.272.642)	(4.272.642)	(4.272.642)	(4.272.642)
Trade and other liabilities	(43.873.236)	(43.873.236)	(37.861.532)	(37.861.532)
Total	-4.957.030	-4.957.030	-4.134.989	-4.134.989

(ii) Interest rate risk

On 30th June 2017 the majority of the Company's assets and liabilities are not interest bearing, except for the taken loans.

As a result the Company is not significantly affected by interest rate fluctuations risk.

The Company does not use derivative financial instruments to protect themselves against interest rate fluctuations.

The following tables show the Company's exposure to interest rate risk.

Financial instruments with fixed rate	30th June 2017	31st December 2016
Financial assets	-	-
Short-term loans	31.877.300	31.787.700
Interest:	Eur 1M+ 0.78%	Eur 1M+ 0.78%
Medium-term loans (including 1 year maturity)	6.491.100	8.623.288
Interest:	Eur 3M + 1.6%	Eur 3M + 1.6%

Currency risk

Currency risk is the risk of loss or failure to achieve estimated profit as a result of unfavorable exchange rate fluctuations. Most of the Company's financial assets and liabilities are denominated in national currency, other currencies in which operations are EUR, USD and GBP.

Most of the Company's financial assets and liabilities are denominated in national currency and therefore the exchange rate fluctuations do not significantly affect the Company's activity. Exposure to currency exchange rate fluctuations is mainly due to foreign currency deposits and shares.

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5. Tangible and intangible assets

On 30th June 2017 and 31st December 2016, the tangible and intangible assets evolved as follows:

	Intangible assets	Land	Constructions	Technical installations and machines	Other installations and furniture	Tangible assets in progress	Total
Balance on 1st January 2016	581.516	21.247.075	38.988.047	81.884.669	261.378	1.367.873	144.330.558
Acquisitions	986.655		0	251.747		4.507.333	5.745.735
Internal production						841.560	841.560
Outputs	0	0	0	-297.291	-57.861	0	-355.152
Internal transfers			0			0	0
Internal transfers			785.287	3.782.568	94.747	-4.662.602	0
Balance on 31st December 2016	1.568.171	21,247,075	39.773.334	85.621.693	298.264	2.054.164	150.562.701
Cumulated depreciation							
Balance on 1st January 2016	108.433	0	0	36.854.490	226.606	0	37.189.529
Depreciation expense a year	552.788	0	3.098.368	6.597.570	14.998	0	10.263.724
Cumulated depreciation of the outputs	0	0	0	-296.933	-57.720	0	-354.653
Cancelled depreciation for fixed revalued assets	0	0	0	0	0	0	0
Balance on 31st December 2016	661.221	0	3.098.368	43.155.127	183.884	0	47.098.600

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Balance on 1st January 2017	1.568.171	21,247,075	39.773.334	85.621.693	298.264	2.054.164	150.562.701
Acquisitions	138.659	0	0	139.675	0	0	278.334
Internal production						1.342.569	1.342.569
Outputs				-501.426	-3.272	0	-504.698
Internal transfers				589.943		-589.943	0
Internal transfers							
Balance on 30th June 2017	1.706.830	21,247,075	39.773.334	85.849.885	294.992	2.806.790	151.678.906
Cumulated depreciation							
Balance on 1st January 2017	661.221	0	3.098.368	43.155.127	183.884	0	47.098.600
Depreciation expense a year	331.315	0	1.656.662	3.265.736	8.451	0	5.262.164
Cumulated depreciation of the outputs	0	0	0	-501.419	-3.272	0	-504.691
Cancelled depreciation for fixed revalued assets	0	0	0	0	0	0	0
Balance on 30th June 2017	992.536	0	4.755.030	45.919.444	189.063	0	51.856.073
Net book value							
On 31st December 2016	906.950	21,247,075	36.674.966	42.463.566	114.380	2.054.164	103.464.101
On 30th June 2017	714.294	21,247,075	35.018.304	39.930.441	105.929	2.806.790	99.822.833

6. Financial assets available to sell

Financial assets available for sale are measured at cost, as indicated in part 3 Accounting policies.

The main activity of Comelf Energy is: the design, implementation, turnkey installation of hydroelectric installations for thermal power, electrical and hot water.

Secondary activities:

- Management and processing of non-technological, non-hazardous and hazardous waste
- Management and processing of metal waste specific for dyeing process
- Processing used diluent/ thinner
- Recycling wood waste
- Activities specific to drycleaners

Financial assets available for sale	Amount
On 31st December 2016	196,109.00
On 30th June 2017	196,109.00

Reclassification of financial instruments in 2016:

In lei

Securities registered at cost on 31.12.2015:	215.312
Registration of value change of the securities available for sale:	
- for the year 2016:	-19.203
Securities at fair value on 31.12.2016	196.109

The cost of securities available for sale recorded on 30th June 2017 is 66.600 lei.

On 30th June 2017 and 31st December 2016, the company's share in Comelf Energy is as follows:

	30 th June 2017		31 st December 2016	
	Share (fair value– Note 6)	% share	Share (fair value– Note 6)	% share
Comelf Energy	196.109	45%	196.109	45%
Total	196.109	45%	196.109	45%

The financial details of Comelf Energy are presented below:

	30 th June 2017	31 st December 2016
Total assets	477.297	477.297
Total debts	46.921	41.499

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Total equity	399.360	435.798
Total income	192.764	331.315
Total expenses	227.275	373.989
Profit	-36.438	-42.674

7. Stocks

On 30th June 2017 and 31st December 2016, the stocks have the following balance:

	30 th June 2017	31 st December 2016
Raw materials	7.084.023	7.504.034
Auxiliar material	60.031	40.315
Fuel	29.778	14.715
Inventory	524.599	340.711
Others	496.015	1.017.297
Adjustments for depreciation of raw materials	-	-90.822
Total	8.194.446	8.826.250

The Company has not recorded value adjustments for impairment of the stocks on 30th June 2017 and 31st December 2016, adjustments in value were registered for stock depreciation amounting 90.822 lei.

The accounting policies for stock assessments are presented in Note 3.

No inventories were pledged for loans.

8. Receivables from construction contracts

On 30th June 2017 and 31st December 2016, the receivables from construction contracts are as follows:

	30 th June 2017	31 st December 2016
Invoiced construction contracts receivables	48.128.443	44.761.968
Uninvoiced construction contracts receivables	18.167.645	18.538.946
Value adjustments for invoiced construction contracts receivables	(1.752.307)	(1.752.307)
Total	64.543.781	61.548.607

Receivables from construction contracts are presented net of advance payments received in the amount of 2.102.166 lei (30th June 2017, 31st December 2016: 1.625.191).

Rotation speed of the customers (Recovery receivables period), expresses the number of days until the debtors pay their debt to the society and show the efficacy of the society in collecting its receivables. On 30th June 2017 (average balance customer / turnover) x 181 days = 89 days, in 2016 it is 81 days. Generally, penalties are treated according to each customer contracts and resolved

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through punctual negotiation of each case. The procedure for accepting new clients is done in accordance with the tender - contracting procedures manual, these procedures are reviewed regularly.

9. Commercial account and other types of receivables

On 30th June 2017 and 31st December 2016, the commercial and other receivables are as follows:

	30th June 2017	31st December 2016
Receivables from sales of goods	865263	802.989
VAT to be recovered	2.289.607	944.749
Advances paid to domestic suppliers (those for intangible assets exclusively)	256.378	242.371
Advances paid to external suppliers	120.290	145.779
Advances paid to immobilizers	321.505	148.200
Different debtors	63.232	63.232
Other receivables	1.561.399	1.566.416
Value adjustments	-1.010.987	-1.010.987
Total	4.466.687	2.902.749

Exposure to credit risk and currency risk, as well as impairment losses related to commercial contracts and other receivables, excluding construction contracts in progress are presented after the Note regarding the various debtors.

10. Value adjustments for impairment of current assets

The evolution of the value adjustments for impairment of current assets on 30th June 2016 was as follows:

	Balance on 1st January 2017	Increases	Decreases	Balance on 30th June 2017
Value adjustments on receivables from construction contracts	1.752.307	-	-	1.752.307
Value adjustments for various debtors	1.010.987	-	-	1.010.987
Total	2.763.294	-	-	2.763.294

Adjusting worth 1.010.987 lei represents an adjustment in the amount of 100% of the value of a long-standing debt which is in dispute.

The value adjustments for the amount of 1.752.307 lei are made for a number of eight clients, one of whom being in dispute for the amount of 949.436 lei.

The reasons why the entity considered the financial assets as impaired are mainly related to delayed revenues and / or non-compliance under discussion with customers.

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11. Cash and cash equivalents

On 30th June 2017 and 31st December 2016, the cash and cash equivalents are as follows:

	30th June 2017	31st December 2016
Availabilities in bank accounts in local currency	4.171.797	3.972.449
Availabilities in bank accounts in FCY	1.863.128	1.332.955
Cash	20.755	30.125
Other availabilities	-	-
Total	6.055.680	5.335.529

The current bank accounts are permanently available to the Company and are not restricted.

Liquidity / cash management

The responsibility for liquidity risk is the Board of Directors and executive management of Comelf, which sets the liquidity management through BVC and cash flow, prepared on the entire company and for each subunit separately.

30th June 2017

Receivables	Total	< 1 month	1 - 3 months	3 months- 1 year	> 1 year
Construction contracts receivables	64.543.781	28.667.587	18.364.963	15.210.478	2.300.753
Commercial and other receivables	4.466.687	1.459.159	1.691.340	995.580	320.608
Receivables related to current tax	0		0		
Cash and cash equivalents	6.055.680	6.055.680			
TOTAL	75.066.148	36.182.426	20.056.303	16.206.058	2.621.361

30th June 2017

Debts	Total	< 1 month	1 - 3 months	3 months- 1 year	> 1 year
Commercial and other debts	43.873.235	27.259.919	10.387.425	5.436.519	789.372
Bank loans (other than overdrafts)	6.491.100			4.272.642	2.218.458
Overdrafts (annually extended)	31.877.300			31.877.300	
TOTAL	82.241.635	27.259.919	10.387.425	41.586.461	3.007.830

31st December 2016

Receivables	Total	< 1 month	1 - 3 months	3 months- 1 year	> 1 year
Construction contracts receivables	61.548.607	27.499.801	19.561.974	12.734.525	1.752.307

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Commercial and other receivables	2.902.749	1.058.745	1.244.422	536.350	63.232
Receivables related to current tax	0	0	0		
Cash and cash equivalents	5.335.529	5.335.529			
TOTAL	69.786.885	33.894.075	20.806.396	13.270.875	1.815.539

31th December 2016

Debts	Total	< 1 month	1 - 3 months	3 months- 1 year	> 1 year
Commercial and other debts	37.861.532	25.046.692	6.385.939	5.715.714	713.187
Bank loans (other than overdrafts)	8.623.288			4.272.642	4.350.646
Overdrafts (annually extended)	31.787.700			31.787.700	
TOTAL	78.272.520	25.046.692	6.385.939	41.776.056	5.063.833

12. Equity Capital

On 30th June 2017 and 31st December 2016 the Company's shareholding structure is:

	30th June 2017			31st December 2016		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18.171.045	10.539.054	77,61%	18.171.045	10.539.054	77,61%
Other shareholders	5.241.895	3.040.451	22,39%	5.241.895	3.040.451	22,39%
Total	23.412.940	13.579.505	100%	23.412.940	13.579.505	100%

The restated capital contains the following components:

	30th June 2017	31st December 2016
Capital	13.579.505	13.579.505
Adjustments to capital- IAS 29	8.812.271	8.812.271
Restated capital	22.391.776	22.391.776

The effect of hyperinflation on the capital in the amount of 8,812,271 LEI was recorded by decreasing earnings/reported results.

Capital Management

The Company manages its capital in order to ensure business continuity in financial balance. The capital structure for the next period in 2016 remains unchanged and does not foresee significant changes in terms of the percentage of capital in total assets.

(a) Legal reserves

According to legal requirements, the Company creates legal reserves in the amount of 5% of gross profit recorded under IFRS in 2016 but not more than 20% of the share capital available at the establishment of the reserve.

(b) Reserves out of revaluation

The revaluation reserve is fully associated to revaluation of tangible assets of the company.

(c.) Dividends

During 2017, the Company decided, in accordance with the Board of Directors' decision, to distribute dividends from the financial year's results from 31st December 2016. The Company declared dividends in the amount of 3,867,447 lei (representing 0.165 lei / share) and paid to its shareholders until 30th June 2017, the sum of 181,398 lei representing dividends distributed from previous years. On 30th June 2017, the payment dividend balance is 4.704.490 lei.

13. Loans

a) The credit line

On 30th June 2017 the Company has a signed credit agreement with ING Bank Romania - contract no. 11438 / 09.11.2011, with a one year maturity, which is renewed in November. The object of the contract is represented by a credit facility in the amount of EUR 7,000,000 to cover working capital needs related to the financial needs of the Company for current needs and potential commitments in the form of letters of guarantee with a maximum maturity of 12 months.

For the facility provided, the Company will pay interest at the rates specified below:

- the amounts in euro used from the facility, the annual interest rate is EURIBOR 1M plus a margin of 0,78% per year.

On 30th June 2017, the Company had overdrafts in the amount of 31.877.300 lei (31st December 2016: 31.787.700 lei).

b). Investments credit

On 30th June 2017 the Company has a signed credit agreement with ING BANK. The object of the contract is represented by an investments medium-term credit in the amount of EUR 3.300.000, to finance eligible expenses related to the investment project "Fundamental change of the production flows and introducing new technologies in order to increase productivity and competitiveness on domestic and foreign markets of COMELF SA Bistrita, signed between the Managing Authority and the Ministry of Economy, Trade and Business Environment.

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The terms of the credit agreement in terms of repayment are as follows: the loan is repayable in equal monthly installments starting from 31.08.2015. The amount of credit due monthly is EUR 79.122,60.

The main mortgages in favor of ING Bank, for the loans are:

- Land area of 13 460 sqm and buildings of 12,920 sqm ground built area, with the topographical number 8118/1/6, registered in Bistrita Land Registry 8685, inventory value = 2,780,904 lei.
- Land area of 20 620 sqm and buildings of 20,363 sqm ground built area, with the topographical number 8118/1/15, registered in Bistrita Land Registry 8694, inventory value = 4,673,623 lei.
- Land area of 581 sqm and buildings of 572.93 sqm ground built area, with the topographical number 6628/2/2/1/2, registered in Bistrita Land Registry 8697 and topographical number 6628/2/2/1/2 / I, registered in Bistrita Land Registry 8697 / I, inventory value = 1,217,062 lei.
- CF 55054 topographical number 8118/1/5: land area of 16820 sqm , cad.C1 top: 8118/1/5: hall Sidut (FFE).

14. Commercial and other types of debts

On 30th June 2017 and 31st December 2016, the commercial and other debts are as follows:

	30 th June 2017	31 st December 2016
Commercial debts	33.590.484	32.688.474
Debts to the state budget	3.200.253	1.666.808
Debts to staff	2.529.606	2.400.288
Tax and local taxes	-221.244	40.024
Dividends to pay	4.704.539	1.018.490
Other loans and accumulated debts	69.598	47.448
Total	43.873.236	37.861.532

The commercial debts in the amount of 33.590.484 (30th June 2017; December 2016: 32.688.474) comply with the contracts concluded with the suppliers.

On 30th June 2017 and 30th June 2016, debts to the state budget include mainly wage-related contributions.

15. Income from construction contracts

	30 th June 2017	30 th June 2016
Income from work performed on projects and invoiced to the customer (ct 701)	88.615.576	92.477.530
Income from work performed on projects and not invoiced - the part related to costs (balance 711500 + 711540)	-678.227	-5.800.766
Income from work performed on projects and not invoiced - estimated profit (balance 71150A + 71154A)	146.484	199.813
Variation of unfinished production	-531.743	-5.600.963
TOTAL	88.083.833	86.876.567

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Contract revenue recognized in the period are determined taking into account the stage of completion of the works and not the billing. In the company accountancy is used the account of production in progress that includes the expected profit. Revenues registered and presented in accordance with IAS 11 include revenues billed influenced by changing production in progress.

The stage of completion of contracts is determined taking into account the share of costs at the balance sheet date compared to the amount of budgeted costs

16 a. Other income related to turnover

The position includes:

	30th June 2017	30th June 2016
Rental income	1.361	1.349
Income from various activities	1.214.741	1.204.232
Income from the sale of residual products	925.546	816.081
Income from rendered services	829.689	607.664
Total	2.971.337	2.629.326

16 b. Other income

The position includes:

	30th June 2017	30th June 2016
Income from investment subsidies	1.039.586	1.045.697
Income from production of tangible assets	105.618	18.181
Income from exploitation of subsidies	53.218	44.117
Income from handover of assets	22.718	-
Other income	363.560	30.896
Total	1.584.700	1.138.891

Revenues from investment subsidies were recorded at cashing requests for reimbursement for the project developed during the year, financed from European funds.

17. Staff costs

The average number of employees on 30th June 2017 and 30th June 2016 was as follows:

	30th June 2017	%	30th June 2016	%
Directly productive workers	653	65%	743	66%
Indirectly productive workers	160	16%	168	12%
Office staff	199	19%	222	19%
Total	1.012	100%	1.133	100%

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The staff costs were as follows:

	30th June 2017	30th June 2016
Expenses on staff salaries	20.357.062	19.097.444
Expenses with meal vouchers	1.407.658	1.469.556
Expenses on insurances and social security	5.247.554	5.019.731
Total	27.012.274	25.586.731

The amounts paid to the board staff, members of the Management Board, managers, were the following and have been included in the above amounts: (gross amounts)

	30th June 2017	30th June 2016
Salary expenses - directors	1.114.181	1.155.119
Other long term benefits	18.798	16.844
Board of Directors allowance	96.380	95.530
Total	1.229.359	1.267.493

The Company has not granted loans or advance payments to members of the administration, management or supervision by 30th June 2017 and 2016.

On 30th June 2017, COMELF S.A. company management had the following structure:

- Members of the Board of Directors of the Company:

Savu Constantin	President
Babici Emanuel	Member
Mustata Costica	Member
Maistru Ion	Member
Parvan Cristian	Member

- Members of the Executive Management of the Company:

Stoian Dorin	Executive Manager
Cenusa Gheorghe	Deputy General Manager
Tatar Dana	Economic Manager
Cudrec Adrian	Manager DIM
Jurje Valeriu	Factory General Manager
Timofte Antoniu	Factory General Manager
Pop Mircea	Factory General Manager
Oprea Paul	Factory General Manager

On 30th June 2016, COMELF S.A. company management had the following structure:

- Members of the Board of Directors of the Company:

Savu Constantin	President
Babici Emanuel	Member
Mustata Costica	Member

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Mastru Ion	Member
Parvan Cristian	Member

- Members of the Executive Management of the Company:

Stoian Dorin	Executive Manager
Cenusa Gheorghe	Deputy General Manager
Pop Stefan	Economic Manager
Souca Nicoleta	Manager AQM
Kozuk Andrei	Factory General Manager
Ciocan Doru	Factory General Manager
Pop Mircea	Factory General Manager
Oprea Paul	Factory General Manager

18. Transport costs

This position includes:

	30th June 2017	30th June 2016
Expenses on transport of raw materials	725.910	657.105
Expenses on transport of end products	3.296.431	4.041.124
Expenses on employees transport	89.000	86.397
Other transport expenses	1.761	6.816
Total	4.113.102	4.791.442

19a. Other expenses related to income

	30th June 2016	30th June 2015
Expenses on maintenance and repairs	442.971	282.567
Rental expenses	445.195	635.720
Insurance expenses	19.395	353.214
Expenses on commission and fees	1.285.024	1.136.376
Expenses on protocol	87.105	85.478
Expenses on travel and transfer	198.659	239.118
Postal and telecommunication expenses	52.994	61.346
Expenses on bank services	69.202	97.874
Other third party services expenses	5.943.848	5.892.506
Expenses on other taxes	544.376	501.969
Total	9.088.769	9.286.168

19b. Other expenses

	30th June 2017	30th June 2016
Total	61.870	92.593

The position includes mostly awarded donations / sponsorships.

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20. Income tax

Current income tax of the Company on 30th June 2017 is determined at a statutory rate of 16% based on IFRS profit.

Income tax expense on 30th June 2017 and on 30th June 2016 is detailed as follows:

	30th June 2016	30th June 2015
Expenses on current income tax	380.326	799.559
(Income) / expense on the postponed tax	-	-
Total	380.326	799.559

21. Provisions for risks and expenses

On 30th June 2017, the Company has recorded provisions for risks and expenses amounting to 8.555.032 lei (8.861.312 lei on 31st December 2016). Their synthetic situation is presented below:

	Provision for warranties	Pension provision	Provision for litigation	Other provisions	Total
Balance on 1st January 2017	0	424.425	0	8.436.887	8.861.312
Constituted during the period	0	0		0	0
Used during the period	0	0	0	306.280	306.280
Value adjustments of property claims.(ct 2968)	0				0
Resumed during the period	0			0	0
Balance on 30th June 2016	0	424.425	0	8.130.607	8.555.032
In the long term	0	424.425	0	6.353.804	6.778.229
In the short term	0	0	0	1.776.903	1.776.803

- **Provisions for pensions in the amount of 424.425 lei (31st December 2016: 424.425 lei).**

According to the collective labor agreement, the Company provides benefits in cash depending on the length of service upon retirement for employees. The provisioned amount was calculated considering the amount provided to be granted on retirement, the period of time until each employee's retirement and an upgrade discount; the amounts were discounted at a 10% discount.

- Other provisions in the amount of 8.130.607 lei (31st December 2016: 8.436.887 lei) include:

- The provision related to repurchases of pension insurance policies for the amount of 1.736.202 lei, are retirement loyalty benefits of the employees COMELF, retirement due

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to age limit, granted under the law and the Collective Labour Agreement, hereinafter to be paid to employees at maturity (framed maturity in one year).

- The provision constituted after the Ordinance issued by DIICOT concerning the alleged damages caused to the State Budget as a result of the interpretation and application of tax legislation related to insurance expenses recorded in 2009-2012.

The Ordinance mentioned sums up a total of 6.394.405 lei. This amount was fully provisioned. There is no certainty regarding the moment when the outflow is possible. Their level will be reviewed at the end of 2017.

21. Debts for postponed / deferred tax

Deferred tax liabilities on 30th June 2017 and 30th June 2016 are generated by the elements detailed in the following table:

	30th June 2017	30th June 2016
Deferred tax receivables	-	-
Liabilities related to deferred tax on reserves constituted from reinvested earnings	(1.132.973)	(1.132.973)
Deferred tax liabilities for revaluation tangible assets differences	(9.592.671)	(6.868.388)
Net deferred tax	(10.725.644)	(8.001.361)

23. Deferred/ Postponed income

In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("Ministry") the financing contract no. 3131/23.03.03 whose object is non-refundable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the project implementation "The uptake of advanced technologies for processing of wind turbine carcasses and compressor units, process chambers of the production lines of photovoltaic cells on the machinery with the latest numerical command which uses boring machine CNC with continuous indexable processing head in SC Comelf SA. "The total cost of the project was 1.991.488 lei, in which state aid was 836.760 lei. The counter state aid has been recognized by the Company as a government grant and amortized over a period of about 11 years.

Grant state aid objectives were represented by the modernization of existing products, development of new products, increase productivity, reduce energy consumption, reduced material consumption, optimizing the decision, environmental protection, quality assurance, targets met by the Company.

On 30th June 2017, the Company resumed incomes amount of 1.039.586 lei (30th June 2016: 1.045.697 lei), representing amortization grants.

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24. Earnings per share

Basic earnings per share calculation was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

	30th June 2017	30th June 2016
Profit attributable to ordinary shareholders	2.457.025	3.549.477
Weighted average number of ordinary shares	23.412.940	23.412.940
Earnings per share	0,10	0,15

The diluted earnings per share equal the basic earnings per share because the Company has not recorded potential ordinary shares.

25. Net financial expenses

The financial elements are the following:

	30th June 2017	30th June 2016
Income from interests	21	2.307
Income from exchange rate differences	1.765591	1.444.406
Other financial income	-	-
Total financial income	1.765.612	1.446.713
Interest expenses	(186.728)	(270.511)
Exchange rate differences expenses	(2.207.819)	(1.838.751)
Other financial expenses	(382.629)	(175.131)
Total financial expenses	(2.777.176)	(2.284.393)

26. Commitments and contingent liabilities

a) Contingencies related to the environment

Environmental regulations are under development in Romania, and the Company has not recorded any obligations by 30th June 2017 for any anticipated costs, including legal and advisory fees, site studies, design and implementation of remediation plans on elements of the environment.

The Company's management does not consider the costs associated with any environmental problems as significant.

(b) The transfer price

Fiscal legislation in Romania contains rules on transfer prices between related parties since 2000. The current legislative framework defines the "market value" for transactions between related parties, and the methods of transfer prices. As a result, it is expected that the tax authorities to initiate thorough verification of transfer prices, to ensure that the taxable and / or customs value of imported goods are not distorted by the effect of prices charged in relationships with affiliates. The Company has to make the File of transfer prices for 2016 according to the Order no. 442/2016.

27. Transactions and balances with related parties

Related parties and a brief description of activities and their relationships with the Company are as follows:

The transactions with the companies from the group are performed under the framework of commercial contracts where there are stipulated the rights and obligations of each party to the contract specifying the type:

- Commission contract, consulting contract.

The rights and obligations of the parties are clearly defined by contractual clauses, potential disputes being the competence of the court of International Arbitration, Chamber of Commerce and Industry of Romania.

The transactions between the parties shall be based on the principle of unbridled competition. Under the framework contract shall be issued firm orders whose purpose is monitored for the fully observance of contractual clauses.

Related party	Activity	Description of the connection type
Uzinsider SA	Consulting services	Uzinsider SA major shareholder
Uzinsider Techo SA	Acquisition of sheet and steel profiles Selling central heating products	
Uzinsider General Contractor SA	Collaborations on turnkey goals	
Promex SA	Collaboration in production of parts	
24 Ianuarie SA	Collaborations parts	
Uzinsider Engineering SA	Providing services	

The other companies are related Comelf S.A. due to a combination of common management and / or individuals who are also shareholders of other companies.

a) Receivables and liabilities with related parties

On 30th June 2017 and 30th June 2016, the receivables from related parties are as follows:

Receivables to	30th June 2017	30th June 2016
Uzinsider Techo SA	7.080.298	9.371.964
Uzinsider General Contractor SA	250.375	250.375
Promex SA	23.124	18.320
24 Ianuarie SA	95.232	-
Total	7.449.029	9.640.659

On 30th June 2017 and 30th June 2016, debts to related parties are as follows:

Debts to	30th June 2017	30th June 2016
Uzinsider SA	486.205	184.675

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Uzinsider Techo SA	785.282	1.785.308
Uzinsider General Contractor SA	18.910	18.910
Promex SA	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	1.290.397	1.988.893

b) Transactions with related parties

Sales of goods and services to related parties are conducted at prices from contracts signed for each order of the external recipients, as follows:

Sales to:	30th June 2017	30th June 2016
Uzinsider Techo SA	12.596.744	12.086.843
Uzinsider General Contractor SA	253.961	2.449
Promex SA	21.983	37.716
24 Ianuarie SA	436.079	4.667
Uzinsider Engineering SA	-	-
Total	13.308.767	12.131.675

Purchases from related parties were carried at cost of acquisition under contract, as follows:

Acquisitions to:	30th June 2017	30th June 2016
Uzinsider SA	408.576	497.096
Uzinsider Techo SA	1.328.414	833.675
Uzinsider Engineering Galati	-	-
Promex SA	-	-
24 Ianuarie SA	-	-
Total	1.736.990	1.330.771

Exceeding the contractual terms as there are no impairments of value were recognized for these transactions during the year.

The general terms and conditions stipulated in relationships concluded with the related parties are as follows: 60-90 day payment terms, payment methods with payment orders and compensation, no guarantees are made, and there are no penalties for not paying them.

28. Capital Commitments

Printr-un management atent si minutios, au fost realizate economii fata de cheltuielile eligibile prevazute in proiect pentru care s-a primit acceptul Autoritatii de Management sa fie folosite la achizitionarea unor noi utilaje. S-a suplimentat proiectul cu 14 obiective si s-a decalat termenul de finalizare respectiv 2 octombrie 2015, obiectivele fiind realizate integral.S-au alocat sumele necesare pentru imbunatatirea dotarii cu tehnica de calcul, achizitii de licente software, extinderea si modernizarea retelei informatice a societatii. Angajamentele de achizitii pentru perioada 2016 sunt limitate la surse proprii de finantare si sunt estimate pentru valoarea de 1,5 mil .Euro.

During 2015 ended the project "Fundamental change in the flow of production and introducing new technologies in order to increase productivity and competitiveness on domestic and foreign market of COMELF" according to the financing contract signed with the Ministry of Economy as the managing authority for POS-CCE. By the organizational measures taken the implementation of activities as planned was ensured, at the end of 2015 being put into operation all the 124 goals set in the initial project. Having careful and meticulous management, savings were made against eligible expenditure provided in the project for which the Managing Authority received permission to be used to purchase new equipment. The project has been supplemented with 14 goals and the deadline for completion was staggered until 2nd October 2015, the objectives being achieved integrally. The amounts needed to improve facilities with computers, purchases of software licenses, expansion and modernization of the company's informatics network have been allocated. Procurement commitments for the period 2017 shall be limited to their own sources of funding and are estimated to amount to 1.5 million Euro.

29. Operating Segment Reporting

The productive activity of the Company is held in the factories organized by profit centers:

- Stainless Steel Products Factory ("FPI")
- Factory of filters and electric filters ("FFE")
- Factory of earthmoving machinery and equipment ("FUET")
- Factory of components and earthmoving machines ("TERRA")

The Company's business involves exposure to a number of risks. These include economic conditions, changes in legislation or tax rules. A variety of measures are taken to manage these risks. The Company operates a low risk reporting system designed to identify existing and potential obligations and facilitating taking action in a timely manner. Insurance and taxation are also managed by the Company.

In the Company there are regularly held the identification and monitoring of disputes and the pending lawsuits.

Essential decisions are taken by the Board of Directors. The business segments are independently managed, as each represents a strategic unit with different products:

- FPI - the most important products are: of stainless steel (equipment for gas turbine power plants, components for wind turbines, components for freight wagons, components for air filtration combustion) and carbon steel (power station equipment gas turbine, chassis for turbines, compressors, generators, conveyors metal components for transport, installation and equipping wind turbines, components for vehicles to maneuver trans containers);
- FFE - the most important products include: industrial gases dusting equipment, equipment for gas turbine power plants, equipment for treating and purifying wastewater, hydropower and hydro mechanical equipment, technological equipment;
- FUET - the most important products are: the naval machinery, filters for asphalt plants, components for freight cars, milling components, parts for excavators, electric motors and generators skeleton.
- TERRA - the most important products include: earthmoving machines with final assembly

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(crushers, trucks and poured asphalt), components for earthmoving machines (chassis, arms, frames) mobile presses for compact automobiles, fixed presses and components used for compacted waste metal telescopic cranes, dump heavy parts.

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Reporting on operating segment

	FPI		FFE		FUET		TERRA		Center		Total	
	30 June 17	30 June 16	30 June 17	30 June 16	30 June 17	30 June 16						
External segment incomes	28.648.736	27.679.850	15.874.238	11.271.702	31.560.587	31.752.093	15.150.031	18.483.221	4.186.036	4.237.040	95.419.628	93.423.906
Total segment incomes	28.648.736	27.679.850	15.874.238	11.271.702	31.560.587	31.752.093	15.150.031	18.483.221	4.186.036	4.237.040	95.419.628	93.423.906
Net financial costs	-456.531	-319.744	-92.855	-72.588	-181.789	-129.623	-82.973	-119.270	-197.416	-191.455	-1.011.564	-837.680
Amortization and impairment	1.318.914	1.370.192	692.683	764.214	1.315.678	1.236.444	1.252.738	1.291.052	682.179	484.485	5.262.172	5.146.387
Profit tax expense	-49.635	-63.216	-36.228	-44.154	-257.270	-525.164	-	-57.915	-37.193	-109.110	-380.326	-799.559
Net result of the period	246.162	273.121	236.558	285.768	1.610.146	2.038.006	-334.270	256.088	698.429	696.494	2.457.025	3.549.477
Segment's actives	47.438.086	47.147.686	32.940.576	28.018.932	58.877.346	43.822.456	37.860.599	38.793.831	6.162.929	27.145.678	183.279.536	184.928.583
Investments in associated entities	-	-	-	-	-	-	-	-	196.109	215.312	196.109	215.312
Segment's debts	33.571.618	25.565.929	23.375.226	14.408.531	38.228.013	24.252.789	26.256.160	20.377.677	-8.603.735	25.696.438	112.827.282	110.301.364

All amounts presented in total correspond to the amounts presented in the financial statements without the need to reconcile them.
Total segment revenues correspond to the income plus other income position and the other positions with similar positions in the financial statements.

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In total operational revenue of the segment in the amount of 95.419.628 lei (on 30th June 2017 and 93.423.906 (on 30th June 2016) the major types of products and services are the following:

	30th June 2017	30th June 2016
Energy industry equipment and components	57.486.252	51.662.602
Works earthmoving equipment and components	30.573.668	32.632.938
Equipment for environmental protection	2.573.993	2.020.379
Lifting and handling machines	4.285.316	6.085.363
Technological equipment	-	916.033
Other types	500.399	106.591
TOTAL	95.419.628	93.423.906

The main customers who have a share in turnover of more than 10% were: SIEMENS 22.9, KOMATSU 17.7%, GENERAL ELECTRIC 18.4%.

30. Subsequent events to the date of the balance

Subsequent to the date of the financial statements and up to the date when the financial statements are authorized for issue, the company recorded the cancellation of the redemption shares worth RON 2,528,596 (respectively 936,547 shares with a nominal value of 0.58 lei / share) . This record resulted in a decrease of the share capital of 543,180 lei, the difference of 1,985,416 lei being recorded on the loss, in account 149.

31. Approval of financial statements

The financial statements were approved by the CA and published on the site on 11.08.2017.

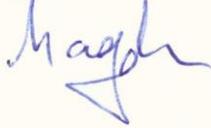
Stoian Dorin
General Manager

Tatar Dana
Economic Manager

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Undersigned, Magda Ionela Roxana, authorized translator by the Ministry of Justice, number of authorization 24666/2012, I certify the accuracy of this translation in English, according to the Romanian document handed to me.

Translator,
Magda I. Roxana



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S.C. COMELF S.A.

**REVIEW REPORT ON INTERIM FINANCIAL
INFORMATION
AT JUNE 30th 2017**

G5 CONSULTING S.R.L.

Authorisation no.223/02.07.2002 registered at
Chamber of Financial Auditors from Romania



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Review Report on Interim Financial Information

To,
the Shareholders of S.C. COMELF S.A.

Introduction

We have reviewed the accompanying balance sheet of S.C. COMELF S.A. Entity as of June 30, 2017 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Order no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards (IFRS). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2017, and of its financial performance and its cash flows for the sixmonth period then ended in accordance with Order no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards (IFRS) and with Order no. 895 from 16th of July 2017 for the approval of the Accounting Reporting System on June 30th 2017.

Data: 08.08.2017

In the name of G5 CONSULTING S.R.L.

Financial auditor

Ioan Popa

-certificate no.1014



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