

Report of the directors of COMELF SA according to the ASF Regulation 5/2018, Annex 14

Date of report: 14.08.2019

Company Name: COMELF SA

Registered office: Bistrita, str. Industriei nr. 4

Phone / fax number: 0263/234462; 0263/238092

Unique registration code at the Trade Register Office: 568656

Order number in the Trade Register: J06/02/1991

Subscribed and paid share capital on 30.06.2018: 13.036.325,34 lei

Main characteristics of the securities issued by the issuer:

Dematerialized nominative shares in the amount of 22,476,423 with a nominal value of 0.58 lei / share

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders, has prepared, for the period January-June 2019, the present report on the balance sheet, the profit and loss account, the statement of changes in the equity, the cash flow statement, the accounting policy and explanatory notes included in the individual half-year financial statements prepared on June 30, 2019.

The half-yearly financial statements prepared for the 6-month period ended June 30, 2019 were not audited

These financial statements are presented together with the Directors' Report and refer to:

Equity:	71,659,681 RON
Total revenue :	79,434,624 RON
Net profit for the year:	1,822,661 RON

I.1 Important events held between January and June 2019

- On 18.04.2018, the OGMS was held, which approved the distribution, from the net profit for the year 2018, of the amount of 1,405,750 lei for the payment of dividends to the shareholders of the company. The effective payment date was set for July 15, 2019;
- The OGMS approved on April 18, 2018, the Estimates of Revenue and Expenditure for the current year, the investment program for the year 2019, the company's organization chart and the maximum credit limit for the current year;

There were no other major events with significant impact on the half-yearly accounting report.

For the next 6 months of the fiscal year 2019, the significant risk is related to the labor force in general and the skilled labor force, in particular, in the absence of which it becomes increasingly uncertain to conclude contracts/orders. A contract/order once confirmed becomes binding and thus, failure to comply with the delivery terms, attracts penalties with significant impact on the company's financial statements;

We do not foresee and do not know of other events with impact on the financial statements of the company that will occur until the end of the fiscal year 2019.

I.2 Transactions between affiliated parties during January-June 2019

Transactions with the Group companies are made on the basis of framework contracts in which the rights and obligations of each party are stipulated, specifying the type of contract. Trade relations with the affiliated parties are based on sale-purchase contracts, commission contract and consulting contract.

Affiliated party	Activity	Description of relationship type
Uzinsider SA	Consulting services	Uzinsider SA is a majority shareholder of COMELF
Uzinsider Techo SA	Intermediary services Sale of products (filter unit / turbine parts / diffusers)	Shareholders-common natural persons
Uzinsider General Contractor SA	Purchase of electricity Collaborations on key in hand deliverables	Common shareholding
Promex SA	Collaboration in the manufacture of subassemblies	Uzinsider SA is a majority shareholder in both companies
24 Ianuarie SA	Subassembly collaboration	Uzinsider SA is a majority shareholder in both companies

- The sales of goods and services to the affiliated parties are made at the contracts prices concluded for each order of the external beneficiaries;
- The purchases from the affiliated parties were made at the purchase value (in line with the market price) according to the contracts;

Sales to:	June 30, 2019	Purchases from:	June 30, 2019
Uzinsider SA	-	Uzinsider SA	408,576
Uzinsider Techo SA	6,308,174	Uzinsider Techo SA	294,103
Uzinsider General Contractor SA	1,115,774	Uzinsider General Contractor SA	3,181,516
Promex SA	90,074	Promex SA	-
24 Ianuarie SA	14,339	24 Ianuarie SA	-
Total	7,528,361	Total	3,884,195

The transactions with the affiliated parties carried out in the first 6 months of 2019 are the traditional ones, there are no other special transactions, different from those made in the previous years.

II. Analysis of the Company's activity:

a) Description of the Company's core business:

The company operates on the basis of the Companies Law no. 31/1990 (with subsequent amendments and completions), of the Capital Market Law no.297 / 2004 and of Law 24/2017 on Issuers of Financial Instruments and Market Operations.

According to article 6 of the Articles of Incorporation updated in June 2017, the object of activity of the Company is **"Manufacture of machinery and equipment for earthmoving works, for power plants and environmental protection, equipment for lifting and transporting, including their subassemblies."**

COMELF is a manufacturing company in the field of machine building industry and its main activity is the manufacture of equipment for power stations and for environmental protection, metallic structures in the field of renewable energy (source: water, wind and sun), terraces and subassemblies of them, equipment for lifting and transport equipment, including components thereof. The production takes place in 6 production halls, with a total area of 87,763 sqm, equipped with machinery, installations, machine tools for mechanical processing, laboratories and utilities networks for the development of the production processes.

COMELF SA does not own participations in other companies and does not own Branches.

b). Economic and financial situation

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

a) Balance sheet items COMELF SA:

RON	June 30, 2019	Monday, December 31, 2018
ASSETS		
Non-current assets	88,888,876	97,642,004
Total Current assets, of which:	73,513,889	73,283,064
Stocks of raw materials and materials	5,005,663	7,354,769
Cash and short-term deposits	5,016,960	3,737,985
Total assets	162,402,765	165,407,657
Equity and debt		
Total Equity, of which:	71,659,681	71,937,578
Social capital	13,036,325	13,036,325
Adjustments to the share capital	8,812,271	8,812,271
Other equity elements	(9,015,171)	(9,183,135)
Reserves	60,409,959	60,050,153
Reported result	(3,406,364)	(3,593,366)
The result of the exercise	1,822,661	2,815,330
Total Long-term debt, of which:	18,631,110	20,921,936
Long-term bank loans	1,775,189	3,497,925
Leasing debts	191,020	54,840
Provisions for risks and expenses	190,059	190,059
Debt on deferred taxes	9,769,809	9,692,465
Grants for long-term investment portion	6,705,033	7,486,647
Total Current debts, of which:	72,111,974	72,548,143
Commercial and similar debts, of which:	34,764,845	35,394,366
<i>Commercial debts</i>	<i>27,598,769</i>	<i>28,931,059</i>
Loans and interest-bearing loans	34,330,036	33,813,275
Leasing debts	48,934	16,293
Provisions for risks and expenses	1,247,163	1,316,293
Grants for investments_short-term portion	1,553,032	1,591,644
Debt on deferred taxes	167,964	413,272
Total equity and debt	162,402,765	165,407,657

b) Profit and loss account COMELF SA:

RON	Sunday, June 30, 2019	Saturday, June 30, 2018
Income	79,434,624	78,457,993
Operational result	2,783,546	1,713,001

Financial result	(675,264)	(383,767)
Profit before tax	2,108,282	1,329,234
Expenditure on profit tax	285,621	30,443
Profit from the financial year	1,822,661	1,298,791
Number of shares	22,476,423	22,476,423
Earnings per share	0.08	0.06

COMELF SA's **revenues** were RON 79 million in S1 / 2019 compared to RON 78 million in S1 / 2018, with a slight increase of 1%, having as the main cause the increase of the financial revenues due to the LEU/EUR rate fluctuation, an increase which however, we find it more accentuated in the level of financial expenses. The operating income remained approximately the same level as in the first half of 2018.

The gross result of the company was positively influenced by:

- slight increase of the revenues from the contracts with the clients, especially on the background of the execution of complex products like manufacturing, with added value;
- the significant reduction of the expenses with the raw materials and materials, possible due to the optimization of the consumption with the help of specialized software and also due to acquisitions and technical personnel;

2. Analysis of the company's activity

2.1. Presenting and analyzing 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 at no time unable to meet its financial obligations during the period under review.

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

The capital expenditures for the first half of 2019 were **RON 0.9 million** (1st semester 2018 = RON 1.2 million). The capital expenditures were financed from own sources and leasing type financing (38,895 EUR).

2.3. Presentation and analysis of events, transactions, economic changes that significantly affect the revenues from the basic activity.

Specify the extent to which the incomes of each identified element were affected. Comparison with the corresponding period of last year.

The economic-financial operations regarding the Semester 1/2019 were registered correctly, based on legally executed documents. The obligations stipulated by the law regarding the correct and up-to-date organization and management of the accounting, regarding the observance of the accounting principles, regarding the observance of the accounting rules and methods provided by the regulations in force, have been fulfilled.

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

We also mention that the individual earnings, expense and financial result of the first six months of 2019 are reliably reflected in the income statement.

3. Changes affecting the capital and management of the company

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

Not applicable.

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

Not applicable.

4. Significant transactions

In the case of issuers of shares, information on the major transactions entered into by the issuer with the persons with whom they are acting in concert or in which those persons were involved during the relevant time period:

Not applicable

5. ANNEXES

Attached to this report, in copy:

- the balance sheet, on June 30, 2019;
- Declaration of the General Manager of Comelf SA regarding the assumption of the responsibility for the preparation of the financial and accounting situations related to the semester 1/2019;
- the shareholder structure, on June 30, 2019
- copies of the supporting documents for all changes to the company's constitutive acts, as well as to the management structures of the commercial company (administration, executive, etc.)

6. MENTION: The financial statements for the first semester of 2019 have been revised.

Annexes:

Shareholder Structure at the Reference Date June 30, 2019:

	Number of shares	% ownership
Uzinsider S.A.	18,185,356	80,91%
Other shareholders	4,291,067	19,09%
Total	22,476,423	100%

Management structures:

On *June 30, 2019*, the management of COMELF SA company had the following component:

- Members of the Board of Directors of the Company:

Savu Constantin chairman

Babici Emanuel

member

Mustata Costica

member

Maistru Ion

member

Parvan Cristian

member

- Members of the Executive Board of the Company:

Cenusa Gheorghe

General Manager

Pop Viorel Mircea

Deputy General Manager

Oprea Paul Cristian

Technical and Manufacturing Deputy General Manager

Tatar Dana

Financial Manager

Serban Marcela

Purchasing Manager

Marica Ioan

Quality Director

Barbuceanu Codrut-Florentin

Managing Director of the factory

Viski Vasile

Factory Managing Director

Campian Cosmin

Factory Managing Director

Management statement

According to the best available information, we confirm that the individual financial statements for the first semester of 2019, 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 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 2019 and their impact on the financial statements.

President of BD- eng. Savu Constantin

General Manager-eng. Cenusa Gheorghe

Financial Manager ec. Tatar Dana

The revised financial statements as at June 30, 2019, together with the Board of Directors' Report, are posted on the company's website www.comelf.ro under the heading "Up-to-date information" .

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

- Translation from the Romanian language –

INTERIM FINANCIAL STATEMENTS IFRS ON 30th JUNE 2019

COMELF S.A.

Tax Identification Number 568656

Registration Number J06/2/1991

4 Industriei Street

420063 Bistrita

Romania

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COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF JUNE 30, 2019 IN COMPLIANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

FINANCIAL POSITION SITUATION ON JUNE 30, 2019

	Note	June 30, 2019	December 31, 2018
Assets			
Intangible assets	5	479,878	591,703
Property, plant and equipment	5	88,408,998	91,532,890
Financial assets available for sale	6	-	-
Total Non-current Assets		88,888,876	92,124,593
Advance-paymnts granted for tangible assets	9	378,817	670,205
stocks	7	5,005,663	7,354,769
Receivables from customer contracts	8	61,455,083	59,321,959
Trade receivables and other receivables	9	1,657,366	2,198,146
Current tax receivables		-	-
Cash and cash equivalents	11	5,016,960	3,737,985
Total Current Assets		73,513,889	73,283,064
Total assets		162,402,765	165,407,657
Registered Capital	12	13,036,325	13,036,325
Adjustments of Registered Capital	12	8,812,271	8,812,271
Other equity elements	12	(9,015,171)	(9,183,135)
reserves	12	60,409,959	60,050,153
Treasury Shares	12	-	-
Reported result	12	(3,406,364)	(3,593,366)
FY Result	25	1,822,661	2,815,330
Total Equity		71,659,681	71,937,578
Liability			
Overdraft	13	1,775,189	3,497,925
Debt on deferred tax	22	9,769,809	9,692,465
Leasing debts		191,020	54,840
Provisions for risks and expenses	21	190,059	190,059
Debt on deferred income	23	6,705,033	7,486,647
Total long-term debt		18,631,110	20,921,936
Account Overdrafts	13	34,330,036	33,813,275
Current Portion of Leasing Loan	13	48,934	16,293
Debt on deferred tax		167,964	413,272
Trade debts and other debts	14	34,764,845	35,394,366
Provisions for risks and expenses	21	1,247,163	1,316,293
Debt on deferred income	23	1,553,032	1,591,644
Total current liabilities		72,111,974	72,548,143
Total Debt		90,743,084	93,470,079
Total equity and debt		162,402,765	165,407,657

Cenusa Gheorghe,
General Manager

Tatar Dana
Economic Director

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF JUNE 30, 2019 IN COMPLIANCE WITH IFRS

*(All amounts are expressed in lei, unless otherwise indicated)***STATEMENT OF PROFIT OR LOSS ACCOUNT
AND OTHER ELEMENTS OF THE GLOBAL RESULT**

	Note	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<i>Continuous operations</i>			
Income			
Revenue from customer contracts	15	72,698,071	70,467,517
Income from sale of goods		6,506	598.128
Other turnover-related revenues	16	3,629,537	4,301,087
Total revenue		76,334,114	75,366,732
Other incomes	16	1,446,343	2,207,078
Costs			
Expenses with raw materials and other material expenses		(32,785,341)	(33,771,280)
Energy and water expenses		(2,633,930)	(2,134,152)
Expenditure on goods		(6.374)	(584.658)
Staff costs	17	(24,263,140)	(23,349,987)
Transportation expenses	18	(3,625,386)	(3,654,712)
Other expenses related to income	19	(8,022,974)	(8,077,254)
Expenses with depreciation and depreciation of fixed assets	5	(3,662,140)	(3,895,780)
Financial expenses, net	25	(675.264)	(383.767)
Adjustments for impairment of current assets, net	8	-	(170.000)
Expenses with provisions for risks and expenses, net	21	69.129	6,676,91
Other expenses	19	(66.755)	(6,899,8
Total expenses		(75,672,175)	(76,244,576)
Profit before tax		2,108,282	1,329,234
Income Tax	20	(285.621)	(30.443)
Profit from continuous operations		1,822,661	1,298,791
Profit from operations		-	-
Profit for the period		1,822,661	1,298,791
Other elements of the overall result			
Items that will not be reclassified to expenses or revenues			
Changes in value of the assets used, resulting from the revaluation, net of taxes		-	-
Elements that can be reclassified to expenses or revenues			
Changes in value of the securities available for sale	3	-	-
Total profit or loss account and other elements of the overall result		1,822,661	1,298,791
Earnings per share			
basic result per share	24	0.08	0.06
Diluted earnings per share	24	0.08	0.06

Cenusa Gheorghe,
General ManagerTatar Dana,
Economic Director

COMELF SA
INDIVIDUAL FINANCIAL STATEMENTS AS OF JUNE 30, 2019 IN
COMPLIANCE WITH IFRS

THE SITUATION OF THE MODIFICATION OF EQUITY	Capital social	Adjustments of of registered capital	Differences and reserves from reevaluation	reserves legal	Other reserves	The Result withheld	Total equity
Balance as of January 1, 2018	13,036,325	8,812,271	38,438,295	2,607,265	10,502,483	-2,541,670	70,854,969
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						2,815,330	2,815,330
<i>Other elements of the overall result</i>							
Net change in the fair value of the financial assets available for sale			0				0
Changes in the value of the assets used							0
<i>Movements within the profit or loss account and other elements of the overall result</i>							
Differences from revaluation realized transferred to the result retained-current year			-2,303,045			2,169,673	-133,372
Other equity elements			0		1,622,019	-1,622,019	0
Established legal reserves				0		0	0
Total profit or loss account and other elements of the overall result	0	0	-2,303,045	0	1,622,019	3,362,984	2.681.958
Other items result retained - correction of accounting errors	0	0	0	0		22,651	22,651
Other items result retained - correction of accounting errors	0	0	0	0	0	22,651	22,651
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	-1,622,000	-1,622,000
Total transactions with shareholders	0	0	0	0	06	-1,622,000	-1,622,000
<i>Profit or loss account and other elements of the overall result</i>							
Balance as of Monday, December 31, 2018	13,036,325	8,812,271	36,135,250	2,607,265	12,124,502	-778,035	71,937,578

COMELF SA
INDIVIDUAL FINANCIAL STATEMENTS AS OF JUNE 30, 2019 IN
COMPLIANCE WITH IFRS

THE SITUATION OF THE MODIFICATION OF EQUITY

(continued)

	Capital social	Adjustments of of registered capital	Differences and reserves from reevaluation	reserves legal	Other reserves	The Result withheld	Total equity
Balance as of Tuesday, January 1, 2019	13,036,325	8,812,271	36,135,250	2,607,265	12,124,502	-778,035	71,937,578
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						1,822,661	1,822,661
<i>Other elements of the overall result</i>							
Net change in the fair value of the financial assets available for sale			0				0
Changes in the value of the assets used							0
<i>Movements within the profit or loss account and other elements of the overall result</i>							
Differences from revaluation realized transferred to the result retained-current year			-1,049,774			1,049,774	0
Other equity elements			167,964			-167,964	0
Established legal reserves				0	1,409,580	-1,409,580	0
Total profit or loss account and other elements of the overall result	0	0	-881,810	0	1,409,580	1,294,891	1,822,661
Other items result retained - correction of accounting errors	0	0	0	0	0	-694,808	-694,808
Other items result retained - correction of accounting errors	0	0	0	0	0	-694,808	-694,808
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	-1,405,750	-1,405,750
Total transactions with shareholders	0	0	0	0	0	-1,405,750	-1,405,750
<i>Profit or loss account and other elements of the overall result</i>							
Balance as of Sunday, June 30, 2019	13,036,325	8,812,271	35,253,440	2,607,265	13,534,082	-1,583,702	71,659,681

THE STATEMENT OF CASH FLOWS

	6/30/2019	12/31/2018
Net income	1,822,661	2,815,330
Depreciation and provisions	3,662,140	7,721,176
Gross operating cash	5,484,801	10,532,675
Variation of working capital	2,188,579	1,199,295
Stock variation	-2,349,106	57,309
Variation of other current assets	-644,158	326,778
Variation of Deferred Income /	103,378	7,220
Suppliers Variation	-1,332,289	2,660,813
Variation of customer advance payments	55,453	-1,448,020
Variation of employees' debts and related	-197,558	807,190
Net operating cash	4,711,715	10,897,055
Cash flow from net investments	135,038	2,749,363
Variation of debts		
Variation of short-term loans	516,761	-3,228,900
Variation of long-term loans	-1,722,736	3,497,925
Variation associated debts	855,741	134,347
Variation of other debts	-	-
Capital variation	-2,947,471	-10,147,054
Financing Cash flow	-3,297,706	-9,743,682
Total cash variations of the interval	1,278,974	-1,592,159
Initial cash	3,737,986	5,330,144
Cash NET at the end of the Interval	5,016,960	3,737,985

Cenusa Gheorghe,
 General Manager

Tatar Dana,
 Economic Director

OPIS NOTE

- | | | | |
|------------|---|-----|-------------------------------------|
| 1. | The reporting entity | 16. | Staff costs |
| 2. | The basis of the preparation | 17. | Transportation expenses |
| 3. | Significant accounting policies | 18. | Other operating expenses |
| 4. | Significant risk management | 19. | Profit tax |
| 5. | Tangible and intangible assets | 20. | Provisions for risks and expenses |
| 6. | stocks | 21. | Debt on deferred tax |
| 7. | Receivables from construction contracts | 22. | Deferred income |
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NOTES TO FINANCIAL STATEMENTS ACCORDING TO IFRS

1. The reporting entity

COMELF SA (the "Company") is a joint stock company operating in Romania in accordance with the provisions of Law 31/1990 on commercial companies and Law 297/2004 on the capital market, with subsequent additions and changes. The company has its registered office in Bistrita, Industriei street no.4, Bistrita Nasaud county, Romania.

The company was established as a trading company in 1991 as a result of the reorganization of the former Bistrita Technology Enterprise.

The shares of the Company are listed on the Bucharest Stock Exchange, the regulated market, with the CMF code, starting with November 20, 1995. The record of the shares and shareholders is kept according to the law by the SC Depozitarul Central SA Bucharest.

The main activity of the Company is the manufacture of engines and turbines (with the exception of those for airplanes, vehicles and motorcycles). The Company also manufactures Power Generating and Environment Protection Plants, Assemblies and Components and Earth-Moving Machinery Assemblies Lifting and Transportation Equipment Assemblies, including their subassemblies, and steel structures.

2. The basis of this Financial Statement

a. Declaration of conformity

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

- International Financial Reporting Standards adopted by the European Union ("IFRS");
These financial statements of the Company are prepared in accordance with the requirements of the Order of the Ministry of Finance 2844 of 2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the commercial companies whose securities are admitted to trading on a regulated market. The International Financial Reporting Standards are the standards adopted according to the procedure provided by Regulation (EC) no. 1.606 / 2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards. The date of the transition to International Financial Reporting Standards was January 1, 2011;
- Law 82 of 1991 of the accounting republished and updated.

The financial statements prepared on June 30, 2019 are read together with the financial statements prepared for 31.12.2018 according to the same financial reporting framework.

3. Accounting policies

The accounting policies adopted are in line with those of the annual statements as of 31.12.2018.

The amendments to IFRSs, valid for the financial statements that will be concluded on 31.12.2019, are not expected to have a significant effect for the company.

4. Significant risk management

The management of the Company considers that risk management must be carried out within a consistent methodological framework and that their management is an important component of the strategy on maximizing profitability, obtaining an anticipated level of profit while maintaining a risk exposure.

COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ON JUNE 30, 2019 IN COMPLIANCE WITH IFRS

acceptable and in compliance with legal regulations. The drafting of official risk management procedures decided by the Company management is an integral part of the strategic objectives of the Company.

The investment activity leads to the exposure of the Company to a variety of risks associated with the financial instruments held and the financial markets on 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;
- the risk related to the economic environment;
- operational risk.
- capital adequacy

The general strategy of risk management aims to maximize the Company's profit relative to the level of risk to which it is exposed and to minimize the potential adverse variations on the financial performance of the Company.

The company has implemented policies and procedures for managing and evaluating 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 defined as the risk of suffering a loss or not obtaining the expected profit, as a result of price fluctuations, interest rates and foreign exchange rates.

The company is exposed to the following categories of market risk:

(i) Price risk

The company is exposed to the risk of price as there is the possibility that the value of the costs for carrying out the projects will be greater than the estimated value thus the contracts will be performed at a loss.

The accounting value of financial assets and liabilities with a maturity of less than one year is approximated to their fair value.

	June 30, 2019		December 31, 2018	
	Accounting value	fair Value	Accounting value	fair Value
Receivables from customer	61,455,083	61,455,083	59,321,959	59,321,959
Trade receivables and other receivables	1,657,366	1,657,366	2,198,146	2,198,146
Advance-payments granted for tangible	378,817	378,817	670,205	670,205
Cash and cash equivalents	5,016,960	5,016,960	3,737,985	3,737,985
Short-term bank loan	(34,330,036)	(34,330,036)	(33,813,275)	(33,813,275)
Current part - leasing contract	(48,934)	(48,934)	(16,293)	(16,293)
Debts on deferred tax (current part)	(167,964)	(167,964)	(413,272)	(413,272)
Trade debts and other debts	(34,764,845)	(34,764,845)	(35,398,197)	(35,398,197)
Total	(2,460,919)	(2,460,919)	(3,712,742)	(3,712,742)

(ii) Interest rate risk

As of June 30, 2019, most of the assets and liabilities of the Company are not interest bearers, except for the loans contracted. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

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

Currency risk

Currency risk is the risk of suffering losses or of not achieving the estimated profit as a result of unfavorable fluctuations of the exchange rate. Most of the Company's financial assets and liabilities are expressed in national currency, the other currencies in which operations are performed are EUR, USD and GBP.

Most of the current assets are expressed in foreign currency (78%) and the financial liabilities of the Company are expressed in foreign currency (47%) and in national currency (53%) and therefore the exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due in mainly the current currency conversion transactions required for current payments in LEI.

5. Tangible and intangible assets

At June 30, 2019 and December 31, 2018, tangible and intangible assets have evolved as follows:

	Intangible assets	Land	Buildings	Technica l installati	Other installatio ns and	Corporal immobilizat ions under	Total
	205	211	212	213	214	231	
Balance as of January 1, 2018	1,451,707	21,247,075	39,915,606	88,965,112	457.326	878.284	152,915,110
Acquisitions	311.362	0	0	500.856	0	1,085,645	1,897,863
Internal production	0	0	0	0	0	505.873	505.873
Write-offs	-904.323	0	0	-686.965	-8.320	0	-1,599,608
Internal transfers	0	0	130.463	189.498	0	-316.327	3.634
Internal transfers	0	0	0	0	0	0	0
Revaluation of fixed assets	0	0	0	0	0	0	0
Balance as of Monday, December 31,	858.746	21,247,075	40,046,069	88,968,501	449.006	2,153,475	153,722,872
Accumulated depreciation							
Balance as of January 1, 2018	558.844	0	6,320,463	48,396,139	197.632	0	55,473,078
Amortization expense in the year	612.522	0	2,593,599	4,482,333	32.721	0	7,721,175
Cumulative depreciation of write-offs	-904.323	0	0	-683.331	-8.320	0	-1,595,974
Cancellation of depreciation for the revalued fixed assets	0	0	0	0	0	0	0
Balance as of Monday, December 31,	267.043	0	8,914,062	52,195,141	222.033	0	61,598,279

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	Intangible assets	Land	Buildings	Technica l installati	Other installatio ns and	Corporal immobilizat ions under	Total
Balance as of Tuesday, January 1, 2019	858,746	21,247,075	40,046,069	88,968,501	449,006	2,153,475	153,722,872
Acquisitions	6,255	0	0	243,125			249,380
Internal production	0	0	0			645,578	645,578
Write-offs	0	0	0	-1,211,028	-11,401		-1,222,429
Exit (sales)	0	0	0	0		-468,509	-468,509
Internal transfers	0	0	0				0
Balance as of Sunday, June 30, 2019	865,001	21,247,075	40,046,069	88,000,598	437,605	2,330,544	152,926,892
Accumulated depreciation							
Balance as of Tuesday, January 1, 2019	267.043	0	8,914,062	52,195,141	222.033	0	61,598,279
Amortization expense in the year	118,080		1,303,929	2,228,051	12,079		3,662,139
Cumulative depreciation of write-offs	0		0	-1,211,002	-11,401		-1,222,403
Cancellation of depreciation for the revalued fixed assets	0		0	0			0
Balance as of Sunday, June 30, 2019	385,123	0	10,217,991	53,212,190	222,712	0	64,038,015
Net book value							
As of December 31, 2018	591.703	21,247,075	31,132,007	36,773,360	226.973	2,153,475	92,124,593
As of Sunday, June 30, 2019	479,878	21,247,075	29,828,078	34,788,408	222.712	2,330,544	88,888,877

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6.stocks

As of June 30, 2019 and December 31, 2018, inventories have the following balances:

	June 30, 2019	December 31, 2018
Raw materials	4,459,495	6,868,095
Auxiliary materials	36,132	44,531
Fuel	12,714	8,622
Inventory items	468,886	391,504
Other	120,598	134,179
Adjustments for depreciation of raw materials	-92,162	-92,162
Total	5,005,663	7,354,769

The Company did not record any value adjustments for stock depreciation as of June 30, 2019.

Accounting policies for stock valuation are presented in Note 3. No stocks were pledged for the borrowed loans.

7.Receivables from customer contracts

As of June 30, 2019 and December 31, 2018, receivables from construction contracts are as follows:

	June 30, 2019	31st of December
Receivables from contracts with invoiced clients	44,482,312	37,980,635
non-invoiced Receivables from contracts with clients	18,714,093	23,082,646
Value adjustments regarding invoiced receivables from contracts with clients	(1,741,322)	(1,741,322)
Total	61,455,083	59,321,959

The receivables from the contracts with the clients are presented net of the advance payments collected in the amount of 586,547 lei (30 June 2019, as of December 31, 2018: 531,094).

The turnover rate of the clients (the period of recovery of the debts), expresses the number of days until the date when the debtors pay their debts to the company and thus shows the efficiency of the company in collecting its debts. As of June 30, 2019 (Average customer balance / Turnover) x 181 days = 95 days and for 2018 it was 86 days. Generally, the penalties are treated according to the contracts with each client and are cleared by case-by-case negotiation. The procedure for accepting new clients is prepared according to the bidding - contracting procedures in the procedures manual, such procedures are reviewed periodically.

8.Trade receivables and other receivables

As of June 30, 2019 and December 31, 2018, trade receivables and other receivables are as follows:

	June 30, 2019	December 31, 2018
Receivables from commodity sales	-	-
VAT to be recovered	475,793	874,791
Advance-payments made to internal suppliers	144,007	284,228

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(only those for fixed assets)

Advance payments made to external suppliers	26,211	27,286
Advance payments made to the asset providers	378,817	670,205
Different debtors	85,862	92,396
Other receivables	1,936,480	1,930,432
Value adjustments	-1,010,987	-1,010,987
Total	2,036,183	2,868,351

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

Note on various debtors.

10 . Value adjustments regarding impairment of current assets

The evolution of the value adjustments regarding the depreciation of the current assets as of June 30, 2019 was as follows:

	The balance 01 January 2019	Increase and	Decreases	The balance June 30, 2019
Value adjustments regarding receivables from customer contracts	1,741,322	-	-	1,741,322
Value adjustments for various debtors	1,010,987	-	-	1,010,987
Total	2,752,309	-	-	2,752,309

The adjustment amounting to 1,010,987 lei represents an adjustment equivalent to 100% of the value of a historic debt that is in dispute.

The value adjustments for the amount of 1,741,322 lei are constituted for a number of 8 clients, of which one in dispute for the amount of 949,436 lei.

The reasons why the entity considered the current assets as impaired are mainly related to delays in receipts and / or non-compliances being discussed with customers.

11. Cash and cash equivalents

As of June 30, 2019 and December 31, 2018, cash and cash equivalents are as follows:

	June 30, 2019	December 31, 2018
Availability in bank accounts in local currency	994,841	1,061,707
Available in bank accounts in foreign currency	3,987,085	2,650,928
Cash	34,935	25,053
Other availability	99	297
Total	5,016,960	3,737,985

Current accounts opened at banks are permanently available to the Company and are not restricted.

Liquidity management

Liquidity risk is the responsibility of the Board of Directors and the executive management

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Comelf, which establishes the liquidity management through the IEB and the cash flow, drawn up for the whole company and for each individual subunit.

June 30, 2019

DEBT	Total	<1 Month	1 - 3	3 months- 1	> 1 year
Receivables from customer contracts	61,455,083	27,635,077	18,107,198	13,560,945	2,151,863
Trade receivables and other receivables	2,036,183	518,096	703,275	548,345	266,467
Current tax receivables	0		0		
Cash and cash equivalents	5,016,960	5,016,960			
TOTAL	68,508,226	33,170,133	18,810,473	14,109,290	2,418,330

June 30, 2019

LIABILITIES	Total	<1 Month	1 - 3	3 months- 1	> 1 year
Trade debts and other debts	34,764,845	22,408,439	6,839,429	4,318,157	1,198,820
The current part-leasing loan	48,934	48,934			
Debt on deferred tax (current part)	167,964			167,964	
Account Overdraft (current part)	34,330,036			34,330,036	
TOTAL	69,311,779	22,457,373	6,839,429	38,816,157	1,198,820

Monday, December 31, 2018

DEBT	Total	<1 Month	1 - 3	3 months- 1	> 1 year
Receivables from customer contracts	59,321,959	25,716,182	21,460,915	9,912,219	2,232,643
Trade receivables and other receivables	2,868,351	874,791	946,731	954,433	92,396
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	3,737,985	3,737,985	0	0	0
TOTAL	65,928,295	30,328,958	22,307,646	10,866,652	2,425,039

Monday, December 31, 2018

LIABILITIES	Total	<1 Month	1 - 3	3 months- 1	> 1 year
Trade debts and other debts	35,394,366	25,590,526	5,487,030	3,240,838	1,075,972
The current part - leasing loans	16,293	16,293	0	0	0
Debt on deferred tax (current part)	413,272	0	0	413,272	0
Account Overdraft (current part)	33,813,275	0	0	33,813,275	0
TOTAL	69,637,206	25,606,819	5,487,030	37,467,385	1,075,972

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ON JUNE 30, 2019 IN COMPLIANCE WITH IFRS

12. Equity***Registered Capital***

On June 30, 2019 and December 31, 2018 the shareholding structure of the *Company* is:

	June 30, 2019			Monday, December 31, 2018		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,185,356	10,547,506	80,91%	18,185,356	10,547,506	80,91%
Other shareholders	4,291,067	2,488,819	19,09%	4,291,067	2,488,819	19,09%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

All the shares are ordinary, have been subscribed, have the same voting right and have a nominal value of 0.58 lei / share.

The registered capital reviewed contains the following components:

	June 30, 2019	December 31, 2018
Registered capital	13,036,325	13,036,325
Adjustments of registered capital - IAS 29	8,812,271	8,812,271
Social capital reviewed	21,848,593	21,848,596

The effect of hyperinflation on the share capital in the amount of 8,812,271 lei was registered by diminishing the reported result.

Capital management

The company manages its capital in order to ensure the continuity of the activity in financial balance. The capital structure for the period immediately following in 2019 remains unchanged and no significant changes are expected regarding the proportion of capital in total assets.

(a) Legal reserves

According to the legal requirements, the Company has legal reserves in the amount of 5% of the gross profit registered according to the IFRS at the reporting date, but not more than 20% of the share capital, valid at the date of the reserve.

The legal reserves cannot be distributed to shareholders, but they can be used to cover the accumulated losses.

(b) Revaluation reserves

The revaluation reserve is totally associated with the revaluation of the tangible assets of the company.

(c.) Dividends

During the year 2019, in accordance with the decision of the Board of Directors, the Company decided to distribute dividends from the result of the financial year as of December 31, 2018. The company declared dividends in the amount of 1,405,750 lei (representing 0.0625 lei / share). The company paid until June 30, 2019 to the shareholders the amount of 550,010 lei representing dividends distributed from previous years. As of June 30, 2019, the outstanding dividends payment amounts to 2,321,990 lei.

13. Loans**a). Credit line**

As of June 30, 2019, the Company has a credit contract for operating capital, concluded with ING Bank Romania - contract no. 11438 / 09.11.2011, with a maturity of one year, to be renewed in November of each year. The object of the contract is represented by a credit option in the amount of 8,000,000 euros to provide operating capital to cover the financial needs related to the development of the current needs of the Company and potential commitments in the form of guarantee letters with a maturity of maximum 12 months. This credit option is structured as follows: EUR 6,500,000 remains as credit for operating capital of the UFN type and the payment deadlines for the outstanding amount up to EUR 1,500,000 (balance as of 30.06.2019: EUR 1,125,000) were renegotiated, at the request of the company, to be reimbursed, in equal monthly installments, within 24 months (on 30.06.2019 months remaining: 18).

For the granted option, the Company will pay the interest at the rates specified below:

- for the amounts in euros used from the option, the annual interest rate is EURIBOR 1M plus a margin of 0.78% per year;

As of June 30, 2019, the Company records a balance in RON of the credit line in the amount of 36,105,225 lei (December 31, 2018: 37,311,200 lei).

b). Credit for investments

As of June 30, 2019, the Company has no loans for investments. The loan for investments was repaid in full at the end of 2018.

c). Leasing contracts

During the year 2018, the Company has undertaken to purchase, in leasing a vehicle for transporting persons. The lease agreement no. 30154891 was concluded on 16.02.2018, financier Unicredit Leasing Corporation IFN, value financed EUR 18,110.40, payable in 60 monthly installments (balance on 30.06.2019: 13.583,22 EUR).

During the year 2019, the Company undertook to purchase in leasing, three vehicles for transporting persons. The leasing contracts no. 234267,234268,234269 / 08.01.2019, financed by Porsche Leasing, have the value financed EUR 38,895.58, payable in 60 monthly installments (balance as of 30.06.2019: 37.092 EUR).

The main mortgages in favor of ING BANK, related to the loans are:

- Land with an area of 13,460 sqm and buildings with a built area of 12,920 sqm, having the topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings with a built-up area of 20,363 sqm, having the topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and buildings with a built area of 572.93 sqm, having the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, top C1 cad: 8118/1/5: Sidut Manufacturing Workshop (FFE).

14. Trade debts and other debts

As of June 30, 2019 and December 31, 2018, trade and other debts are as follows:

	Sunday, June 30,	December 31, 2018
Commercial debts	27,598,770	28,931,059
Debts to the state budget	1,862,341	2,039,234
The debts to the staff	2,860,775	2,853,647
Local taxes and fees	0	0
Dividend to be paid	2,321,990	1,466,250

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Other loans and similar debts	120,969	104,176
Total	34,764,845	35,394,366

Trade debts in the amount of 27,598,770 lei (June 30, 2019; December 2018: 28,931,059 lei) are in accordance with the contracts concluded with the suppliers.

On June 30, 2019 and December 31, 2018, the debts to the state budget mainly include contributions related to the salaries for June. The company has paid all the debts to the state budget.

15. Revenue from customer contracts

	Sunday, June 30, 2019	Saturday, June 30, 2018
Revenue from contracts with clients related to the goods delivered, for which a complete transfer of the property right to the client was made (ct 701)	77,011,171	69,996,186
Revenue from contracts with clients, recognized during execution phases, estimated at the level of the receivable recorded in contracts, proportional to the actual expense reported at the planned expense, for the same execution phase (balance 711500)	(4,313,100)	471,331
TOTAL	72,698,071	70,467,517

In determining the revenues from the contracts with the clients, the entity permanently evaluates the level of the actual costs compared with the one of the initial costs, pre-calculated and recognizes revenues on execution phases proportional to the level of the costs that contribute to the profitability of the entity and which were reflected in the contract price, weighted by the quantity and the physical stage of execution of the contract. The company transfers in time (in stages), to the client, the control over the goods fulfilling an obligation of execution in time, thus recognizing the revenue for each execution step. The company manufactures goods based on specific projects for each individual client, only at their request, based on firm orders.

The evaluation of the revenues from the contracts with the clients, by execution step, is carried out taking into account the physical stage of execution of the contracts that is established at the end of each month by physical inventory, of the actual accumulated costs corresponding to the physical stage, which is compared and weighted with the costs. specific budgets for the stage of physical execution determined. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company acknowledges an income, based on the total income obtained related to the contract weighted with the evolution of the actual cost corrected (without negative deviations) corresponding to the stage of execution of the contract.

16 a. Other turnover-related revenues

The position includes:

	June 30, 2019	June 30, 2018
Income from rents	4,588	1,164
Income from various activities	1,771,921	1,344,962
Revenue from the sale of residual products	1,462,263	1,836,07
Revenue from services provided	390,765	1.118.88
Total	3,629,537	4,301,087

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16 b. Other incomes

The position includes:

	June 30, 2019	June 30, 2018
Income from investment subsidies	781,614	810,417
Income from the production of tangible assets	74,530	228,864
Revenue from operating subsidies	6,743	58,709
Revenue from transferred fixed assets	22,313	31,723
Other incomes	561,143	1,077,36
Total	1,446,343	2,207,078

17. Staff costs

The average number of employees as of June 30, 2019 and June 30, 2018 was as follows:

	Sunday, June 30,	%	June 30, 2018	%
Blue Collar staff	482	60%	539	61%
White collar and administration	315	40%	339	39%
Total	797	100%	878	100%

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The staff expenses were as follows:

	June 30, 2019	June 30, 2018
Expenses with staff salaries	21,947,316	20,989,152
Expenses with meal vouchers	1,294,851	1,377,698
Expenses regarding insurance and social protection	1,020,973	983,137
Total	24,263,140	23,349,987

The amounts awarded to key management personnel, MB members and directors, were the following (gross amounts) and are included in the amounts presented above:

	June 30, 2019	June 30, 2018
Salary expenses - executives	1,020,523	1,107,027
M.B. allowance	121,790	119,320
Total	1,142,313	1,229,359

As of June 30, 2019 and 2018 the company did not grant loans or advances to the members of the administrative, management or supervisory bodies.

As of *June 30, 2019*, The management of COMELF SA company was composed of the following:

- Members of the Board of Directors of the Company:

Save Constantine President
Babici Emanuel member
Mustata Costica member
Master Ion member
Parvan Cristian member

- The members of the Executive Management of the Company:

Cenusa Gheorghe General Manager
Pop Mircea Deputy General Manager
Oprea Paul Deputy General Manager Technical and Production
Tatar Dana Economic Director
Barbuceanu Florentin Factory Executive Director
Viski Vasile Factory Executive Director
Campian Cosmin Factory Executive Director
Serban Marcela Director ABM
Marica Ioan Quality director

As of *Saturday, June 30, 2018*, The management of COMELF SA company was composed of the following:

- Members of the Board of Directors of the Company:

Save Constantine President
Babici Emanuel member
Mustata Costica member
Master Ion member
Parvan Cristian member

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- The members of the Executive Management of the Company:

Cenusa Gheorghe General Manager
 Pop Mircea Deputy General Manager
 Tatar Dana Economic Director
 Cudrec Adrian DMI Director
 Barbuceanu Florentin Factory Executive Director
 Viski Vasile Factory Executive Director
 Oprea Paul Factory Executive Director
 Serban Marcela Director ABM

18. Transportation expenses.

This position includes:

	June 30, 2019	June 30, 2018
Expenditure on the transport of raw materials	398,269	534,522
Expenditure on transport of finished products	2,950,006	2,854,533
Expenses for the transportation of employees	277,111	265,148
Other transport expenses	-	509
Total	3,625,386	3,654,712

19a. Other expenses related to income

	June 30, 2019	June 30, 2018
Maintenance and repair expenses	645,980	429,461
Rent expenses	414,135	278,414
Insurance expenses	220,812	234,300
Outsourcing expenses	3,827,225	-
Expenses regarding commissions and fees	537,959	472,201
Protocol expenses	58,709	68,627
Expenses with travel, relocation and transfers	143,301	164,798
Postal expenses and telecommunications charges	46,875	44,456
Expenses with banking and assimilated services	64,432	102,519
Other expenses with services provided by third	1,484,303	5,529,573
Expenses with other taxes and fees	579,243	752,905
Total	8,022,974	8,077,254

19b. Other expenses

	Sunday, June 30, 2019	June 30, 2018
Total	66,755	6,899,898

The position "Expenses with contributors" includes direct expenses related to the production process (processing, services).

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20. Profit tax

The Company's current profit tax as of June 30, 2019 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of June 30, 2019 and June 30, 2018 is detailed as follows:

	June 30, 2019	June 30, 2018
The expense with the current profit tax	285,621	30,443
(Income) / expense with deferred income tax	-	-
Total	285,621	30,443

21. Provisions for risks and expenses

As of June 30, 2019, the Company has registered provisions for risks and expenses in the amount of 1,943,178 lei (8,619,880 lei as of December 31, 2018). Their synthetic situation is presented below:

	Provision for guarante	Pension provisi on	Provision for litigation	Other provisions	Total
Balance as of Tuesday, January 1, 2019	0	190,059	0	1,316,293	1,506,352
Established during the interval	0	0		0	0
Used during the interval	0	0	0	69,130	59,808
Value adjustments real-estate receivable (ct 2968)	0				0
Resumed during the interval	0				0
Balance as of Sunday, June 30, 2019	0	190,059	0	1,247,163	1,437,222
Long-term	0	190,059	0	0	190,059
short term	0	0	0	1,247,163	1,247,163

- **Pension provisions in the amount of 190,059 lei (December 31, 2018: 190,059 lei).**

According to the collective labor agreement, the Company offers cash benefits depending on the seniority in retirement work for employees. The provisioned amount was calculated taking into account the amount expected to be granted upon retirement depending on the seniority in the company, the period of time until retirement for each employee adjusted with the average rate of fluctuation of the Company's personnel during the last 5 years, respectively 19.33%.

- **Other provisions amounting to RON 1,247,163 (December 31, 2018: 1,316,293 lei) include:**

- The provision related to repurchases of pension insurance policies for the amount of 1,247,163 lei, are loyalty pension rights for COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).

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22. Debt on deferred tax

Deferred tax liabilities on June 30, 2019 and June 30, 2018 are generated by the items detailed in the following table:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Claims on deferred tax	-	-
Debt on deferred tax related to reserves consists of reinvested profit	(1,049,774)	(1,132,973)
Deferred tax liabilities related to the revaluation differences of property, plant and equipment.	<u>(8,887,999)</u>	<u>(9,179,400)</u>
Deferred tax, net	<u>(9,937,773)</u>	<u>(10,312,373)</u>

23. Deferred income

In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("the Ministry") the financing contract no. 3131/230303, whose object is the granting of the non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing wind turbines, turbines and compressor units, process chambers within the lines of manufacture of photovoltaic cells on equipment with state-of-the-art numerical control, which uses CNC boring machine with continuous indexable processing head, in SC Comelf SA. " The total cost of the project was 1,991,488 lei, of which the state aid was 836,760 lei. The amount of state aid was recognized by the Company as a government grant and amortized over a period of approximately 11 years.

2) The company received a government grant in 2013 in the amount of 16,848,613 lei in the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase the productivity and competitiveness of SC COMELF SA on the internal and external market". The government grant was conditioned by the Beneficiary's contribution of 16,848,613 lei in the implementation period of the project, which was 24 months from 04.02.2013.

The objectives for granting the state aid were represented by the modernization of the existing products, the realization of new products, the increase of the productivity, the reduction of the energy consumption, the reduction of the consumption of materials, the optimization of the decision, the protection of the environment, the quality assurance, objectives fulfilled by the Company.

As of June 30, 2019, the Company resumed revenues of RON 781,614 (June 30, 2018: 850.192 lei), representing the share of depreciation related to the subsidies received.

24. Earnings per share

The calculation of the result per basic share was made based on the profit attributable to ordinary shareholders and to the weighted average number of ordinary shares:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Profit attributable to ordinary shareholders	1,822,661	1,298,791
The weighted average number of ordinary shares	<u>22,474,423</u>	<u>22,474,423</u>
basic result per share	<u>0.08</u>	<u>0.06</u>

The diluted earnings per share is equal to the basic earnings per share, as the Company has not recorded potential ordinary shares.

25. Net financial expenses

The financial elements are the following:

	June 30, 2019	June 30, 2018
Interest income	4,592	2,288
Income from exchange rate differences	786,170	881,897
Other elements of financial income	863,405	-
Total financial income	1,654,167	884,185
Interest expenses	(147,541)	(172,557)
Expenses with exchange rate differences	(1,558,797)	(1,033,234)
Other elements of financial expenses	(623,093)	(62,161)
Total financial expenses	(2,329,431)	(1,267,952)

The position "Other financial income" includes the prescribed, distributed and non-dividend dividends approved in OGM 59 / 18.04.2019

26. Contingent commitments and liabilities**(a) Environmental contingencies**

The regulations regarding the environment are under development in Romania, and the Company has not registered any obligations on June 30, 2019 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of plans. of remediation, regarding elements of the environment.

The management of the Company does not consider the expenses associated with possible environmental problems as significant.

(b) Transfer price

The Romanian tax legislation contains rules regarding the transfer prices between affiliated persons since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as the methods of establishing transfer prices. As a result, it is expected that the tax authorities will initiate thorough checks of the transfer prices, in order to ensure that the fiscal result and / or the customs value of the imported goods are not distorted by the effect of the prices practiced in the relations with affiliated persons. The company has prepared the Transfer Price File for 2018 in accordance with Order number 442/2016.

27. Transactions and balances with related parties

What follows is a summary description of the affiliated parties as well as of their activities and relationships with the Company:

The transactions with the companies within the group are based on the framework commercial contracts in which the rights and obligations of each party are stipulated, specifying the type of contract:

- commission contract, consulting contract.

The rights and obligations of the parties are well delimited by the contractual clauses, the possible litigations being the competence of the International Arbitration Court of the Chamber of Commerce and Industry of Romania.

The transactions between the parties will be based on the principle of uncontrolled competition.

Based on the framework contract, firm orders are issued whose purpose is monitored and the compliance with the contract clauses is fully observed.

COMELF SA

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WITH IFRS

Affiliated party	Activity	Description of the type of relationship
Uzinsider SA	Consulting services	Uzinsider SA is a majority
Uzinsider Techo SA	Intermediary services Sale of products (filter unit / turbine parts / diffusers)	
Uzinsider General Contractor SA	Purchase of electricity Collaborations on turn-key projects	
Promex SA	Collaboration in the manufacture of	
24 Ianuarie SA	Collaboration for the manufacture of	

The other companies are related to Comelf SA due to a combination of joint management and / or persons who are also shareholders of the other companies.

a) Claims and liabilities with affiliated parties

As of June 30, 2019 and June 30, 2018, the receivables from affiliated parties are as follows:

Receivables as of	June 30, 2019	June 30, 2018
Uzinsider Techo SA	6,246,371	2,305,186
Uzinsider General Contractor SA	1,578,146	1,266,66
Promex SA	89,578	13,037
24 Ianuarie SA	48,543	-
Total	7,962,638	3,584,892

As of June 30, 2019 and June 30, 2018, the liabilities to the affiliated parties are as follows:

Debts as of	June 30, 2019	June 30, 2018
Uzinsider SA	290,103	263,103
Uzinsider Techo SA	523,115	246,636
Uzinsider General Contractor SA	693,264	156,825
Promex SA	-	57,488
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	1,506,482	724,052

b) Affiliated party transactions

The sales of goods and services to the affiliated parties are made at the prices of the contracts concluded for each order of the external customers, as follows:

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ON JUNE 30, 2019 IN COMPLIANCE
WITH IFRS

Sales as of:	June 30, 2019	June 30, 2018
Uzinsider Techo SA	6,308,174	2,292,868
Uzinsider General Contractor SA	1,115,774	1,869,034
Promex SA	90,074	322,288
24 Ianuarie SA	14,339	-
<hr/>		
Uzinsider Engineering SA	-	-
Total	7,528,361	4,484,190

The purchases from the affiliated parties were made at the acquisition value according to the contracts, as follows:

Purchases as of:	June 30, 2019	June 30, 2018
Uzinsider SA	408,576	408,576
Uzinsider Techo SA	294,103	362,888
Uzinsider General Contractor SA	3,181,516	2,094
Promex SA	-	421,199
24 Ianuarie SA	-	-
Total	3,884,195	1,194,757

As no contract deadlines were exceeded, no impairment losses related to these transactions were acknowledged during the year.

The general terms and conditions provided in the documents concluded with the affiliated parties are the following: payment terms 60-90 days, payment methods with payment orders and compensations, no guarantees are given, and there are no penalties for defaults.

28. Capital commitments

The purchase commitments for the period 2019 are limited to Company-owned sources of financing and leasing financing. The approved and allocated amount for investments is EUR 1,152,850. During the reporting interval, capital expenditures amounting to EUR 190,000 were made

29. Reporting on operational segments

The productive activity of the Company is carried out within the factories organized as profit centers:

- Stainless Steel Products Factory ("FPI")
- Factory for Earth-Moving Equipment and Machinery, Filters and Electrostatic Precipitators ("FUET")
- Factory for Earth-Moving Machinery and Components ("TERRA")

The Company's activity involves exposure to a series of inherent risks. These include economic conditions, changes in legislation or tax rules. A variety of measures are being taken to manage these risks. At the Company level, a risk reporting system operates designed to identify current and potential liabilities and to facilitate timely action. Insurance and taxation are also managed at Company level.

Within the Company, actions for identifying and monitoring ongoing litigation and legal proceedings are regularly carried out.

The critical decisions are taken by the Board of Directors. The operating segments are managed in a manner independently, as each of them represents a strategic unit having different products:

COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ON JUNE 30, 2019 IN COMPLIANCE WITH IFRS

- FPI - the most important products are: made of stainless steel (equipment for gas turbine power stations, components for wind turbines, freight wagon components, components for combustion air filtration) and carbon steel (equipment for gas turbine power stations, turbine chassis, compressors, generators, metal belt conveyors, components for transport, installation and equipment of wind installations, components for transcontainer handling machines);
- FUET - the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt mills, components for excavators, enclosures for motors and generators, equipment for dusting industrial gases, equipment for power plants with gas turbines, equipment for waste water treatment and treatment, hydro-mechanical and hydro-power equipment, technological equipment;
- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt casting machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacted car bodies, fixed presses and machinery components for compacted metal waste, telescopic cranes, sub-assemblies for dump trucks high tonnage.

COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ON JUNE 30, 2019 COMPLIANT WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)***Reporting by operating segments**

	FPI		FUET		TERRA		Administrative Entity		Total	
	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,	June 30th,
Non-segment revenue	23,672,755	22,578,297	34,486,731	34,455,497	16,235,739	16,791,675	3,385,232	3,758,341	77,780,457	77,573,810
Total revenues of the segment	23,672,755	22,578,297	34,486,731	34,455,497	16,235,739	16,791,675	3,385,232	3,758,341	77,780,457	77,573,810
Net financial costs	-153,184	-134,093	-208,342	-112,462	-123,810	-33,223	-189,928	-103,989	-675,264	-383,767
Depreciation and amortization	892,384	934,135	1,490,252	1,504,058	937,855	940,254	341,649	517,332	3,895,779	3,895,779
Expenditure on profit tax	-	-	-140,366	29,822	-2,489	-	-142,766	-60,265	-285,621	-30,443
The net result of the interval	-152,157	-147,652	763,280	4,157	15,895	-273,922	1,195,642	1,716,208	1,822,661	1,298,791
Segment assets	45,754,975	45,405,841	70,034,499	80,077,670	38,474,256	39,456,746	8,193,035	2,813,623	162,402,765	167,753,880
Investments in associates	-	-	-	-	-	-	0	199,972	0	199,972
The debts of the segment	32,270,105	31,881,288	40,106,688	52,038,434	27,001,909	28,419,439	-15,117,042	-8,635,617	90,743,084	97,222,119

All the amounts presented as a total correspond to the amounts presented in the financial statements, without the need for a reconciliation.

The total revenues of the segment correspond to the income position plus other revenues, and the other positions correspond with similar positions in the financial statements.

In the total operating revenues of the segment in the amount of 77,780,457 lei (as of June 30, 2019) and 77.573.8108 lei (as of June 30, 2018) the major types of products and services are the following:

	June 30, 2019	June 30, 2018
Equipment for power-generation industry and	32,201,109	29,710,769
Equipment for earth-moving works and	35,545,669	37,545,724
Equipment for environmental protection	1,477,829	5,119,872
Lifting and handling equipment	4,977,949	4,344,134
Technological equipment	3,188,999	77,574
Other types	388,902	775.737
TOTAL	77,780,457	77.573.810

The main customers who have a share in the turnover of more than 10% are: SIEMENS 18,9%, KOMATSU 17 %, GENERAL ELECTRICA 14.1%.

30.Events after the date of the statement of financial position

There are no events after the date of the financial position.

30. Approval of financial statements

The financial statements were approved by the Board and published on the site on 14.08.2019.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Director

CHAMBER OF FINANCIAL AUDITORS - ROMANIA
Sole administrator: Active Financial Auditor and Authorized Evaluator ANEVAR- COMAN LUCICĂ



AUDIT COMAN EXPERT - ACE S.R.L.

BUCURESTI, Sector 6, Str. Fabricii, nr. 47, Tronson K, et. 5, ap. 4 (K54);C.U.I. RO 8235932,
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Tel. 0745588880, e-mail comanlucicaauditor@yahoo.com;

**REPORT OF INTERIM FINANCIAL
INFORMATION REVIEW**

JUNE 30, 2019

REPORT OF INTERIM FINANCIAL INFORMATION REVIEW

DRAWN ON JUNE 30, 2019

For:

General Meeting of Shareholders SC COMELF SA

1. Identification of the revised interim financial statements

We reviewed, as an independent external financial auditor, the interim financial information of the COMELF SA company on June 30, 2019, prepared under the coordination of the management of the COMELF SA company, with the registered office in Bistrița, Bistrița-Năsăud county, Industriei street, no. 4, having the unique registration code RO 568656, grouped in a complete set with a general scope, as follows:

- Statement on financial position;
- Statement on profit and loss account and other elements of the overall result;
- Statement on the modification of own equity;
- Statement on cash flows;
- Explanatory notes;
- The accounting audit balance sheet prepared on June 30, 2019.

2. Responsibilities

The top management is responsible for the preparation and proper presentation of these interim financial information in accordance with the provisions of the Order no. 2844 of December 12, 2016 issued by the Minister of Public Finance for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards and with the reporting provisions provided by the Order of the Minister of Public Finance no. 2493 / 08.07.2019 for the approval of the accounting reporting system on June 30, 2019, of the economic operators.

Our responsibility is to issue a conclusion on this interim financial information on the basis of the review carried out.

3. The area of the review

We conducted the review in accordance with the International Standard on Review Engagements 2410. "Review of Interim Financial Information Performed by the

Independent Auditor of the Entity "(ISRE 2410). A review of interim financial information consists in interviewing, in particular, persons responsible for financial and accounting aspects and in the application of analytical procedures and other revision procedures. The scope of a review is substantially lower than the scope of an audit, conducted in accordance with International Auditing Standards and, as a consequence, we are not allowed to get the assurance that we had noticed all the significant aspects that could have been identified in an audit. Therefore, we do not express an audit opinion.

4. Conclusion

Based on our review, we were not aware of anything that would make us believe that the attached interim financial information does not accurately present, in all material respects, the financial position of the entity on June 30, 2019 and its performance for the six-month period completed on that date. The foundation of our findings was based on the provisions of the Order of the Minister of Public Finance no. 2844 of December 12, 2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards and the reporting provisions provided by the Order of the Minister of Public Finance no. 2493 / 08.07.2019 for the approval of the accounting reporting system of economic operators, on June 30, 2019.

5. Date of report: 09/08/2019

6. Signatures:

COMAN LUCICĂ, acting financial auditor,
registered with the Chamber of Financial Auditors in Romania
with the card number 181/2001

for and on behalf of the company

AUDIT COMAN EXPERT-ACE SRL
registered with the Chamber of Financial Auditors in
Romania with certificate number 053/2001

 