

Report for the first quarter of 2020

Report date: 14/05/2020

Company name: COMELF SA

Registered Office: no. 4, Industry str., Bistrita

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

VAT Code: 568 656

Reference number with the Trade Register: J06 / 02/1991

Subscribed and paid-in share capital: 13,036,325.34 lei

The regulated market on which the issued securities are traded: BSE

1. Presentation of the important events that occurred in the relevant period and the impact they have on the financial position of the issuer and its subsidiaries.

✓ Starting with 16.03.2020, a state of emergency was established in Romania due to the spread of the SARS-CoV2 coronavirus and the declaration of the “Pandemic” by the WHO. The impact of the imposed measures, in order to limit the spread of the virus at EU level and implicitly of the state of emergency decreed in Romania as well as in other EU member countries, was reflected in the company's financial statements for the first quarter of 2020. by EUR 285 thousand, with the mention that the effects of the situation generated by COVID-19, will be reflected more deeply in the financial statements of the second quarter of 2020. The main effects will be: (i) deliveries restricted to countries in severely affected areas, where governments have resorted to the temporary closure of companies (e.g. Italy); (ii) decrease in future order volumes generated by medical and economic uncertainty, (iii) restriction of activity in certain areas of the company and, implicitly, suspension of employment contracts for a number of approximately 340 employees, for different periods of time; (iv) additional expenses for the provision of protection and hygiene materials for the company's active employees;

✓ 14.04.2019, the OGMS took place, for the first time through means of remote communication, which approved the distribution, from the net profit for 2019, of the amount of 1,500,000 lei for the payment of dividends to the company's shareholders. The date of the effective payment was set for 14.07.2020.

✓ The OGMS approved on 14.04.2019, the BVC for the current year, the investment program for 2020, the company's organizational chart and the maximum credit limit for the current year, noting that a rectification is possible in the middle of this year, given the global economic situation and the effects of the current "Pandemic";

2. The general description of the financial position and of the performances of the issuer and of its subsidiaries related to the relevant period.

The main indicators, thousands of lei	01.01.2020- 31.03.2020	01.01.2019- 31.03.2019	Δ%
Total operating income, of which:	36.054	40.454	(10.88)
Revenues from construction contracts	35.447	40.004	(11.39)
Profit / (Loss) of the period	547	880	(37.84)
EBITDA	2,921	3,279	(10.93)
Interest-bearing loans	36,011	37,278	(3.40)
Average personal number	754	821	(8.16)

*The financial figures are not audited and present the individual results of Comelf SA, prepared in accordance with the International Financial Reporting Standards (IFRS);

❖ **Operating income** of the company COMELF SA were 36,054 million LEI on 31.03.2020, decreasing compared to those achieved in the same period of the previous year (40.454 million LEI on 31.03.2019). The decrease in revenues in the first quarter of 2020 compared to the first quarter of 2019 was influenced by: (i) the execution of complex products that required longer execution times, (ii) some payments being blocked by our customers, for which, temporarily, until their settlement, we decided to stop manufacturing and sale; the supply of materials necessary for the execution of series products, materials that were purchased from China; (iv) postponement of deliveries by customers; (v) variation of the number of staff, especially Production Staff in a context where the newly hired staff does not have the necessary knowledge or experience;

❖ **Profit of the period** decreased in the first 3 months 2020 compared to the one achieved in the similar period of the previous year by 37.84%, the main factors that unfavourably influenced the evolution of the profit being:

✓ Additional labor costs in the sense of increasing execution times but also the difficulty of products in the context in which Production Staff is increasingly poorly qualified.

✓ The increase of the cost with the utilities by 9% in the conditions in which the production decreased by 11%, because of the increase of the utility prices.

✓ The expenses with the company's staff, which although they decreased by 3.4% in the first quarter of 2020 compared to the first quarter of 2019, have a negative impact on the realization of the profit as a result of the non-realization of the revenues from sales and production by 11%;

✓ Depreciation expenses that are fixed and that, at a non-realization of the production incomes, have a direct, negative impact on the operating result.

The company's patrimony on 31.03.2020 highlights the fact that:

➤ Fixed assets: decreasing under the influence of monthly depreciation (cumulative effect on 31.03.2020: 1,904 thousand LEI), offset by the commissioning of fixed assets amounting to 410 thousand lei;

➤ Current assets increased by 7% on 31.03.2020 compared to 31.12.2019, due to:

(i) reduction of raw material stocks (11%) based on a prudential policy as a result of the reduction of the price of raw materials on the market which makes us not stock at high prices but also by the economic context generated by the COVID 19 pandemic, which does not provide long-term predictability from customers;

(ii) The stock of finished products increased by 1,404 thousand lei compared to the level registered in December 2019 because of the postponement of the delivery of some products by customers, these products were delivered in April 2020.

(iii) The production in progress decreased slightly, in parallel with the increase of commercial receivables, thus a part of the product stocks was finalized and sold being found in receivables.

(iv) Other receivables: decreased by 38% compared to December 2019 because of the recovery of medical leave expenses, the decrease of VAT to be recovered, amid domestic VAT invoicing,

➤ Equity increased compared to 31.12.2019 with the amount related to the net profit realized during 01.01.2020-31.03.2020.

➤ Interest-bearing loans on 31.03.2020 they decreased compared to 31.12.2018, due to the repayment due to the monthly repayment of a part of the working capital loan; The working capital on 31.03.2020 is of 35,015,325 lei (31.12.2018: 35,546,044 lei).

➤ *Supplier debts* increased by 9% compared to December 2019 +1,908 thousand lei, app 0.39 million EUR), an increase that is registered at the same time with the increase of cash availabilities (+4,861 thousand lei), so that part of the suppliers' balance was paid at the beginning of the month April 2020;

Report for the first quarter of 2020 can be consulted on the company's website [www.comelf.ro/Updated information /](http://www.comelf.ro/Updated-information/) as well as in the link below .

General Manager,
eng. Cenusă Gheorghe

Economic Director,
Ec. Dana Tatar

COMELF SA Report for First Quarter
According to the ASF Regulation no. 5/2018 Annex no. 13

Issued on: May 14th, 2020

Company Name: COMELF SA

Registered office: no. 4, Industriei street, Bistrita

Phone / Fax Number:

Tax Identification Number: 568656

Unique Registration Code: J06/2/1991

Subscribed and paid-up share capital: 13.036.325,34 lei

Regulated market on which the securities issued are transacted: Bucharest Stock Exchange

Main characteristics of the shares issued by the company:

- REGISTERED SHARES in the amount of 22.476.423 with a value of 0,58 lei/share.
1. Summary of the critical events that have occurred during the relevant time interval and their effects on the financial position of the entity issuing the shares and its subsidiaries.
 2. General outline of the financial position and performance of the entity issuing the shares and its subsidiaries for the relevant time interval.

B. Economic and financial indicators for the first quarter of 2020

Indicator Designation	Calculation method	31.03.2019	31.03.2019
<u>Current ratio (general)</u>	Current assets/Current liabilities (recommended value for this indicator is approximately 2)	1,09	1,05
<i>Current liquidity (general) as of 31.03.2020 amounts to 1,09 and represents the degree of cover for current liabilities through current assets owned by the company.</i>			
<u>Leverage</u>	Borrowed Capital /Employed Capital	1,18%	3,55%
<i>The Company's Leverage amounts to 1,18% and refers to the ratio between the borrowed capital – liabilities over 1 year old, and the employed capital;</i>			
Days sales outstanding- customers	Average Customer Balance/Turnover X 90	96	85
Turnover speed for fixed assets	Turnover/Fixed Assets	0,40	0,44

General Manager,
Ing. Cenusă Gheorghe

Financial Director,
Ec. Dana Tata

STATEMENT OF FINANCIAL SITUATION on 31th March 2020

In Lei

Nr.	DENUMIREA POZITIEI	31.12.2019	31.03.2020
Crt.		IFRS	IFRS
1	<i>Actives</i>		
2		-	7,973
3	Intangible assets	607,754	587,903
4	Tangible assets	86,780,993	85,298,884
5	Financial assets available for sale	-	-
6	Total Fixed assets	87,388,747	85,894,760
7	Advance payments for tangible assets	163,204	45,763
8	Stocks	5,903,890	5,247,473
9	Account receivables from construction contracts	51,795,428	53,066,122
10	Commercial account receivables and of other types	2,152,402	1,391,343
11	Current tax account receivables	-	-
12	Cash and cash equivalents	7,528,245	12,388,830
13	Total Current Actives	67,543,169	72,139,531
14	Total Actives	154,931,916	158,034,291
15	Capital	13,036,325	13,036,325
16	Adjustments of the capital	8,812,271	8,812,271
17	Other elements of equity	(8,847,207)	(8,763,225)
18	Reserves	59,360,185	58,835,298
19	Reported result	(2,891,006)	162,617
20	Year result	2,624,114	547,060
21	Total shareholder's equity	72,094,682	72,630,346
22	<i>Debts</i>		
23	<i>Long term bank loans</i>	896,119	-
24	<i>Other loans and debts-leasing</i>	831,688	776,885
25	Debts for postponed tax	9,436,041	9,433,881
26	<i>Provisions for risks and expenses</i>	163,395	163,395
27	Debts for postponed income	6,478,087	6,069,663
28	Total long term debts	17,805,330	16,443,824
29	Overdrafts	34,649,925	35,015,325
30	The current share for the long term loan	-	-
31	Defferend tax liabilities	335,928	251,946
32	The current other loans and liabilities - leasing	214,593	218,456
33	Commercial and other types of debts	26,541,181	30,483,012
34	<i>Provisions for risks and expenses</i>	1,698,191	1,399,296
35	Debts for postponed income	1,592,086	1,592,086
36	Total current debts	65,031,904	68,960,121
37	Total Debts	82,837,234	85,403,945
38	Total shareholder's equity and debts	154,931,916	158,034,291

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	31.03.2018	31.03.2019
1	Revenue from contracts with customers	34,973,968	37,937,816
2	Income from selling goods	370,598	6,506
3	Other income connected to turnover	2,390,240	2,059,619
4	Other income	994,948	450,513
5	Total operating income	38,729,754	40,454,454
	<i>of that: turnover</i>	39,664,050	40,605,131
6	Raw materials and consumables expenses	16,665,833	17,542,469
7	Goods expenses	364,913	6,374
8	Staff expenses	11,880,382	12,268,835
9	Rent expenses	147,049	202,620
10	Expenses with premiums asigurate	120,112	110,930
11	Transport costs	1,901,279	1,968,391
12	Amortization and depreciation of fixed assets costs	1,986,940	1,828,853
13	Adjustments for depreciation of current assets, net	-	-
14	Provisions costs for risks and expenses , net	(6,014,998)	(48,673)
15	Other operating expenses	10,838,417	5,075,649
16	Total expenses	37,889,927	38,955,448
17	Profit from exploitation	839,827	1,499,006
18	Financial income	361,301	1,213,623
19	Financial expenses	(547,398)	(1,672,222)
20	Financial loss	(186,097)	(458,599)
21	Total revenue	39,091,055	41,668,077
22	Total expenses	38,437,325	40,627,670
23	Profit before tax profit	653,730	1,040,407
24	Tax profit	39,465	160,551
25	Net income	614,265	879,856
26	Other elements of global results		
27	Revaluation of tangible assets		
28	Other comprehensive income , after tax		
29	Total profit of loss account and other elements of global result	614,265	879,856
30	Earnings per share		
31	Diluted earnings per share	0.03	0.04

Cenusa Gheorghe
 General Manager

Tatar Dana
 Economic Manager

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AT MARCH 31

	Nota	31-mar.-20	31-dec.-19
Assets			
		7,973	-
Intangible assets	5	587,903	607,754
Tangible assets	5	85,298,884	86,780,993
Financial assets available for sale	6	-	-
Total non-current assets		85,894,760	87,388,747
Advance payments for tangible assets		45,763	163,204
Stocks	7	5,247,473	5,903,890
Receivables from contracts with customers	8	53,066,122	51,795,428
Trade receivables and other receivables	9	1,391,343	2,152,402
Current tax receivables		-	-
Cash and cash equivalents	11	12,388,830	7,528,245
Total Current Assets		72,139,531	67,543,169
Total Assets		158,034,291	154,931,916
Share capital	12	13,036,325	13,036,325
Share capital adjustments	12	8,812,271	8,812,271
Other elements of equity	12	-	-
Reserves	12	50,072,073	50,512,978
Reported outcome	12	162,617	(2,891,006)
Financial year outcome	25	547,060	2,624,114
Total Equity		72,630,346	72,094,682
Debts			
Long-term bank loans	13	-	896,119
Other loans and debts-leasing	13	776,885	831,688
Deferrend tax liabilities	22	9,433,881	9,436,041
Provisions for risks and expenses	21	163,395	163,395
Deferrend income liabilities	23	6,069,663	6,478,087
Total long-term debts		16,443,824	17,805,330
Overdrafts	13	35,015,325	34,649,925
Deferrend tax liabilities	22	251,946	335,928
The current other loans and liabilities - leasing	11	218,456	214,593
Commercial debts and other debts	14	30,483,012	26,541,181
Provisions for risks and expenses	21	1,399,296	1,698,191
Deferrend tax liabilities	23	1,592,086	1,592,086
Total current debts		68,960,121	65,031,904
Total Debts		85,403,945	82,837,234
Total equity and debts		158,034,291	154,931,916

Cenusa Gheorghe Tatar Dana
 General Manager Economic Director

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

**PROFIT OR LOSS ACCOUNT STATUS
AND OTHER ELEMENTS OF THE OVERALL RESULT**

	Nota	<u>31.mar.20</u>	<u>31.mar.19</u>
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	34,070,466	37,937,816
Revenues from sales of goods		0	6,506
Other elements related to the turnover		1,376,562	2,059,619
Total revenues		35,447,028	40,003,941
<i>of which turnover</i>	3	34,539,355	40,605,131
Other revenues	16	607,336	450,513
Expenses			
Raw material costs and other expenses		(15,461,453)	(17,542,469)
Electricity and water costs		(1,390,721)	(1,270,644)
Commodity expenses		-	(6,374)
Employment charges	17	(11,851,607)	(12,268,835)
Transport costs	18	(1,452,184)	(1,968,391)
Other expenses related to revenues	19	(2,867,767)	(4,114,738)
Cost depreciaton charge	5	(1,903,839)	(1,828,853)
Financial costs , net	25	(455,116)	(458,599)
Ajustments related to cirent assets depreciation ,net	8	50,043	48,673
Provision costs for risks and expenses, net	21	-	-
Other expenses	19	(109,920)	(3,817)
Total expenses		(35,442,564)	(39,414,047)
Pre-tax profit		611,800	1,040,407
Profit tax	20	(64,740)	(160,551)
Profit from continuous operations		547,060	879,856
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		547,060	879,856
Other comprehensive income			
<i>Items that will not be reclassified to expenses and revenues</i>			
Value changes of the used assets as a result of revaluation ,net of tax		-	-
<i>Items that can be reclassified to expenses and revenues</i>			
Value changes of securities available for sale	3	-	-
Total profit and loss account and other comprehensive income		547,060	879,856
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.02	0.04
Diluted outcome per share (lei per share)	24	0.02	0.04
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.02	0.04
Diluted outcome per share (lei per share)	24	0.02	0.04
Cenusa Gheorghe, General Manager		Tatar Dana ,, Economic Director	

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACCORDANCE WITH IFRS

(All amounts are expressed in LEI, unless otherwise indicated)

STATUS OF EQUITY CHANGES	Capital Social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The outcome retained	Total equity
Balance on 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						2,624,114	2,624,114
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result-current year			(2,099,547)			777.804	(1,321,743)
Other equity items			335.928		1,409,580	(1,409,580)	335.928
Legal reserves established				0		0	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,619)	0	1,409,580	1,992,338	1,638,299
Other elements retained result - correction of accounting errors	0	0	0	0		(75.445)	(75.445)
Other elements retained result - correction of accounting errors	0	0	0	0	0	(75.445)	(75.445)
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 December 31, 2019	13,036,325	8,812,271	34,371,631	2,607,265	13,534,082	(266.892)	72,094,682

Continued on the next page

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACCORDANCE WITH IFRS

(All amounts are expressed in LEI, unless otherwise indicated)

STATUS OF EQUITY CHANGES	Capital social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The outcome retained	Total equity
Balance on January 1, 2020	13,036,325	8,812,271	34,371,631	2,607,265	13,534,082	(266.892)	72,094,682
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						547.060	547.060
<i>4. Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation performed transferred to the retained result			(524.887)			429.509	-95.378
Other equity items			83.982		0	0	83.982
Legal reserves established							
Total profit or loss account and other elements of the overall result	0	0	(440.905)	0	0	976.569	2,681,958
Other items carried forward - correction of accounting errors			0	0	0	0	0
Other items result carried over	0	0	0	0	0	0	0
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	0	0
Total transactions with shareholders	0	0	0	0	0	0	0
Balance as of March 31, 2020	13,036,325	8,812,271	33,930,726	2,607,265	13,534,082	709.677	72,630,346

STATEMENT OF CASH FLOWS

	31.03.2020	31.12.2019
Pre - tax profit	547,060	2,624,114
Depreciation of fixed assets	1,903,839	7,390,556
Cash operational brut	2,450,899	10,014,670
Workong Capital Variation		
Variation receivables	2,030,844	-7,104,287
Variation stocks	-656,417	-1,450,879
Variation in other current assents	-743,796	-90,420
Variation Income/Expenses in advances	-17,264	44,676
Variation suppliers	1,908,558	-7,807,354
Variation customer advances	760,150	422,244
Variation employees and assimilated	1,975,216	12,545
Net operating Cash	6,481,456	11,243,015
Cash flow dfrom net investment	292,411	2,147,709
Debts change		
Variation of short-term loans	249,023	836,650
Variation of long-term loans	-856,771	-2,601,806
Variation of associated debts	0	-422,824
Variation of other liabilities	-	-
Variation of capitalluri	-720,712	-3,117,066
Cash flow from financing	-1,328,460	-5,305,046
Total chas variation between	4,860,585	3,790,260
Initial Cash	7,528,245	3,737,985
Net Cash at end of period	12,388,830	7,528,245

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Director

COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACC. WITH IFRS

(All amounts are expressed in LEI, unless otherwise indicated)

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COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF MARCH 31, 2020 IN ACC. WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**1. Reporting entity**

COMELF SA ("the Company") is a joint stock company operating in Romania in accordance with the provisions of Law 31/1990 on companies and Law 297/2004 on the capital market, with subsequent additions and amendments. The company is headquartered in Bistrita, 4 Industriei Street, Bistrita Nasaud County, Romania.

The company was established as a commercial company in 1991 as a result of the reorganization of the former Bistrita Technological Equipment Company.

The Company's shares are listed on the Bucharest Stock Exchange, the regulated market, with the CMF code, starting with November 20, 1995. Records of the shares and shareholders are held in accordance with the law by the SC Depozitarul Central SA Bucharest.

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the Q 1 ended March 31, 2020.

The main activity of the Company is the manufacture of engines and turbines (except for those for airplanes, automobiles and motorcycles). The company also has as object of activity the manufacture of installations, subassemblies and components for power plants and environment protection, equipment for earthmoving equipment, lifting and transporting equipment, including their sub-assemblies, steel-structures. Manufacture of armament and ammunition, road transport vehicles and military combat vehicles.

2. Basics of preparation**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 approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which repeals the Order 1286/2012. International Financial Reporting Standards represent 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 transition date to International Financial Reporting Standards was January 1, 2011;

- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on March 31, 2020 are read together with the financial statements prepared for 31.12.2019 according to the same financial reporting framework.

3. Significant accounting policies

The accounting policies have been applied consistently over all the periods presented in the financial statements prepared by the Company.

The individual financial statements are prepared based on the assumption that the Company will continue its activity in the foreseeable future. To assess the applicability of this hypothesis, management reviews forecasts of future cash inflows.

4. Management of significant risks

The Company's management considers that risk management must be carried out in a consistent methodological framework and that their management is an important component of the strategy on maximizing profitability, obtaining an expected level of profit while maintaining an acceptable risk exposure and complying with legal regulations. The formalization of the risk management procedures decided by the Company's management is an integral part of the Company's strategic objectives.

The investment activity leads to the Company's exposure 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 risk management strategy aims at maximizing the Company's profit relative to the level of risk to which it is exposed and minimizing potential adverse variations on the Company's financial performance.

The company has implemented policies and procedures for managing and assessing 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 recording a loss or not obtaining the expected profit, as a result of fluctuations in prices, interest rates and exchange rates.

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk, there is the possibility that the value of costs for carrying out projects is higher than the estimated value so the contracts run at a loss. Therefore, in the agreements concluded with the customers, a protection clause has been included that allows it to update the sale price if the price of the basic raw material increases. In the current economic context marked by a significant fluctuation, especially of directly productive staff, for newly concluded contracts but also for some of the ongoing contracts, the company managed to amend the protection clause and to update the price of products taking into account the evolution of cost with labor force, based mainly on statistical, public wage developments on the Romanian labor market.

The carrying amount of financial assets and liabilities with a maturity of less than one year approximates their fair value.

	March 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Receivables from contracts with customers	53,066,122	53,066,122	51,795,428	51,795,428
Trade and other receivables	1,391,343	1,391,343	2,152,402	2,152,402
Advances granted for property, plant and equipment	45.763	45.763	163.204	163.204
Cash and cash equivalents	12,388,830	12,388,830	7,528,245	7,528,245

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(All amounts are expressed in LEI, unless otherwise indicated)

Short-term bank loan	-35,015,325	-35,015,325	-34,649,925	-34,649,925
Current part-lease	-218.456	-218.456	-214.593	-214.593
Deferred tax liabilities (current part)	-251.946	-251.946	-335.928	-335.928
The current part of long-term loans	-	-	-	-
Trade and other payables	-30,483,012	-30,483,012	-26,541,181	-26,541,181
Total	923.319	923.319	-102.348	-102.348

(ii) Interest rate risk

As of March 31, 2020, most of the Company's assets and liabilities are not interest-bearing, except for contracted loans and leasing contracts. 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 hedge against interest rate fluctuations.

Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit due to unfavorable exchange rate fluctuations. Most of the Company's financial assets and liabilities are expressed in national currency, the other currencies in which operations are performed being EUR, USD and GBP.

Most current assets are expressed in foreign currency (88%) and the Company's financial liabilities are expressed in foreign currency (55%) and in the national currency (45%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

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*(All amounts are expressed in LEI, unless otherwise indicated)***5. Tangible and intangible assets**

On March 31, 2020 and December 31, 2019, tangible and intangible assets evolved as follows:

	Research and development expenses	Intangible assets	lands	Buildings	Technical installations and machines	Other installations and furniture	Tangible assets in progress	Total
	203	205	211	212	213	214	231	
Balance on January 1, 2020	0	1,096,792	21,247,075	40,046,069	90,781,003	437,604	1,546,636	155,155,179
Acquisitions	7,973	28,966	0	0	350,051	1,949	5,437	394,376
Domestic production	0	0	0	0	0	0	15,476	15,476
Outflows (scrap)	0	0	0	0	0	0	0	0
Internal transfers	0	0	213,087	52,689	0	0	-265,776	0
Internal transfers	2	0	0	0	0	0	0	0
Balance as of March 31, 2020	7,973	1,125,758	21,247,075	40,259,156	91,183,742	439,554	1,301,773	155,565,031
Accumulated depreciation								
Balance on January 1, 2020	0	489,038	0	11,523,215	55,520,175	234,004	0	67,766,432
Depreciation expense per year	0	48,817	0	652,850	1,196,445	5,728	0	1,903,840
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance as of March 31, 2020	0	537,855	0	12,176,065	56,716,620	239,732	0	69,670,272

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Balance on January 1, 2019	0	858.746	21,247,075	40,046,069	88,968,501	449.006	2,153,475	153,722,872
Acquisitions		113.966	0	0	1,357,043	0	1,546,866	3,017,875
Domestic production		0	0	0	0	0	105.370	105.370
Outflows (scrap)		0	0	0	-1,211,027	-11.402	-468.509	-1,690,938
Internal transfers		124.080	0	0	1,666,486	0	-1,790,566	0
Internal transfers		0	0	0	0	0	0	0
Balance as of December 31, 2019	0	1,096,792	21,247,075	40,046,069	90,781,003	437.604	1,546,636	155,155,179
Accumulated depreciation								
Balance on January 1, 2019	0	267.043	0	8,914,062	52,195,141	222.034	0	61,598,280
Depreciation expense per year		221.995	0	2,609,153	4,536,036	23.372	0	7,721,175
Cumulative depreciation of outflows		0	0	0	-1,211,002	-11.401	0	-1,595,973
Depreciation cancellation for revalued fixed assets		0	0	0	0	0	0	0
Balance as of December 31, 2019	0	489.038	0	11,523,215	55,520,175	234.004	0	67.766, .432
Net book value								
On March 31, 2020	7,973	587,903	21,247,075	28,083,091	34,467,122	199,822	1,301,773	85,894,759
On December 31, 2019	0	607.754	21,247,075	28,522,854	35,260,827	203.601	1,546,636	87,388,747

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(All amounts are expressed in LEI, unless otherwise indicated)

6. Financial assets available for sale

As of March 31, 2020 and December 31, 2019, Comelf SA no longer holds financial assets available for sale.

7. Inventories

As of March 31, 2020 and December 31, 2019, the inventories record the following balances:

	March 31, 2020	December 31, 2019
Raw materials	4,756,023	5,362,825
Auxiliary materials	59.377	43.891
Fuel	9.399	8.578
Inventory items	364.547	384.999
Other	102.494	147.964
Adjustments for depreciation of raw materials	-44.367	-44.367
Total	5,247,473	5,903,890

The company did not register any value adjustments for the depreciation of inventories as of March 31, 2020.

The accounting policies for the valuation of inventories are presented in Note 3. No inventories have been pledged for the contracted credits.

8. Receivables from contracts with customers

As of March 31, 2020 and December 31, 2019, the receivables from commercial contracts are as follows:

	March 31, 2020	December 31, 2019
Invoiced receivables from contracts with customers	36,181,018	35,817,997
Un-invoiced receivables from contracts with customers	19,100,942	18,193,270
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	53,066,122	51,795,428

At March 31, 2020 Receivables from contracts with customers are presented net of advances received in the amount of 1,713,488 lei (31 December 2019: 953.338).

9. Trade and other receivables

As of March 31, 2020 and December 31, 2019, trade and other receivables are as follows:

	March 31, 2020	December 31, 2019
Receivables from sales of goods	-	-
VAT to be recovered	456.206	975.906
Advances paid to domestic suppliers (excluding those for fixed assets)	134.220	152.127
Advances paid to external suppliers	196.146	176.481
Advances paid to fixed assets suppliers	45.763	163.204
Different debtors	549.167	139.116
Other receivables	1,066,591	1,719,759
Value adjustments	-1,010,987	-1,010,987
Total	1,437,106	2,315,606

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(All amounts are expressed in LEI, unless otherwise indicated)

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

10. Impairment adjustments for current assets

The evolution of value adjustments regarding the impairment of current assets in 20120 was as follows:

	Balance on January 1, 2020	increases	Decrease	Balance as of March 31, 2020
Value adjustments regarding receivables from contracts with customers	2,215,838	-	-	2,215,838
Value adjustments for miscellaneous debtors	1,010,987	-	-	1,010,987
Total	3,226,825	-	-	3,226,825

The adjustment in the amount of 1,010,987 lei represents an adjustment in the amount of 100% of the value of a long-standing receivable that is in dispute.

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

The adjustment in the amount of 474,516 lei constitutes an adjustment of fixed assets with a seniority of more than 365 days;

The reasons why the entity considered the financial assets to be impaired are mainly related to delays in receipts and / or non-conformities under discussion with customers.

11. Cash and cash equivalents

As of March 31, 2020 and December 31, 2019, cash and cash equivalents are as follows:

	March 31, 2020	December 31, 2019
Availability in bank accounts in local currency	3,616,985	888.619
Availability in bank accounts in foreign currency	8,737,099	6,614,870
Cash	34.476	24.657
Other availabilities	270	99
Total	12,388,830	7,528,245

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

Liquidity management

The responsibility regarding the liquidity risk belongs to the Board of Directors and to the executive management of Comelf, which establishes the liquidity management through REB and the cash flow, prepared on the whole company and for each subunit separately.

12. Equity**(a) Share capital**

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(All amounts are expressed in LEI, unless otherwise indicated)

As of March 31, 2020, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

	March 31, 2020			December 31, 2019		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,189,999	10,550,199	80.93%	18,189,999	10,550,199	80.93%
Other shareholders	4,286,424	2,486,126	19.07%	4,286,424	2,486,126	19.07%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

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

The restated share capital contains the following components:

	March 31, 2020	December 31, 2019
Social capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	8,812,271	8,812,271
Social capital restated	21,848,596	21,848,596

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

Capital management**(a) Legal reserves**

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the gross profit registered according to IFRS in 2019 but not more than 20% of the share capital valid at the date of establishing the reserve.

Legal reserves cannot be distributed to shareholders, but can be used to cover cumulative losses. As of 31.12.2019, the company already had a legal reserve up to the amount of these limits.

(b) Revaluation reserves

The revaluation reserve is fully associated with the revaluation of the company's tangible assets.

(c.) Dividends

During 2018, In accordance with the Decision of the Ordinary General Meeting of Shareholders, the Company decided to distribute dividends from the result of the financial year ended December 31, 2018. The company declared dividends in the amount of 1,405,750 lei (representing 0.0625 lei / share) and paid during 2019 to the shareholders the amount of 1,828,574 lei representing dividends distributed from the current year and previous years. As of March 31, 2020, the balance of payment dividends is 1,036,055 lei

13. Loans**a) Credit line**

On March 31, 2020, the Company has a credit agreement for working capital, concluded with ING Bank Romania - contract no. 11438 / 09.11.2011, with a maturity of one year, is renewed in November of each year. The object of the contract is represented by a credit facility in the amount of EUR 8,000,000, of which the

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Company reimbursed during 2019 the amount of EUR 562,500 in 6 equal monthly installments, so the amount of the credit facility on 31.12.2019 is 7.437,500 euros. The loan was accessed to provide working capital to cover the financial needs of the Company's current needs and potential commitments in the form of letters of guarantee with a maximum maturity of 12 months. This credit facility is structured as follows: EUR 6,500,000 remains as a loan for UFN type working capital and the difference up to the amount of EUR 7,437,500, respectively EUR 937,500 was rescheduled, at the company's request, to be repaid, in equal monthly installments, within a remaining period of 17 months.

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

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

As of March 31, 2020, the Company registers a balance of the credit line in the amount of 35,546,044 lei (December 31, 2019: 35,546,044 lei).

b). Leasing contracts

During 2018, the Company undertook the acquisition of a vehicle for passenger transport, on lease. Leasing contract no. 30154891 was concluded on 16.02.2018, financier of Unicredit Leasing Corporation IFN, financed value 18,110.40 EUR, payable in 60 monthly installments.

During 2019, the Company undertook the purchase of three leased passenger vehicles.

Leasing contracts no. 234267,234268,234269 were concluded on 08.01.2019, Porsche Leasing financier, financed value 38,443.31 EUR, payable in 60 monthly installments. Also during 2019, the Company undertook the acquisition of a robotic system CLOOS welding, in lease. The leasing contract no. 120882 was concluded on 22.05.2019, financier BRD Sogelease, the financed value 179,660.70 eur, payable in 60 monthly installments.

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

- Land with an area of 13,460 sqm and constructions with a built-up area of 12,600 sqm, with 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 constructions with a built-up area of 17,894 sqm, with 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 constructions with a built-up 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, cad.C1 top: 8118/1/5: SIDUT monobloc hall.

14. Trade and other payables

As of March 31, 2020 and December 31, 2019, trade payables and other payables are as follows:

	March 31, 2020	December 31, 2019
Trade payables	23,032,263	21,123,706
Debts to budgets	3,576,050	1,728,301
Debts to staff	2,623,202	2,525,713
Dividends to be paid	1,036,055	1,043,425
Other loans and similar debts	215.442	120.036
Total	30,483,012	26,541,181

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The commercial debts in the amount of 23,032,263 lei (March 31, 2020 December 2019: 21,123,706 lei) are in accordance with the contracts concluded with the suppliers.

As of March 31, 2020 and 2019, the debts to the budgets mainly include contributions related to salaries.

15. Revenues from contracts with customers

	March 31, 2020	March 31, 2019
Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	33,162,794	38,539,007
TOTAL	33,162,794	38,539,007

In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues on execution phases proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in phases), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution phase. The company executes goods based on designs, only at the request of customers, based on firm orders.

The evaluation of the revenues from the contracts with the clients, on execution phases, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavourable evolutions of the actual costs, the Company recognizes an income, based on the total revenue to be obtained related to the weighted contract with the evolution of the corrected actual cost (without negative deviations) execution of the contract.

16a. Other revenue related to turnover

The position includes:

	March 31, 2020	March 31, 2019
Rental income	2.641	712
Income from various activities	629.078	909.852
Revenues from the sale of residual products	413.744	892.616
Revenue from services rendered	331.099	256.439
Total	1,376,562	2,059,619

16b. Other incomes

The position includes:

	March 31, 2020	March 31, 2019
Income from investment grants	408.425	390.807
Income from operating subsidies	19.808	37.394
Income from disposed of fixed assets	-	22.312
Other incomes	179.103	-
Total	607.336	450.513

17. Staff costs

The average number of employees on March 31, 2020 and December 31, 2019 was as follows:

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(All amounts are expressed in LEI, unless otherwise indicated)

	March 31, 2020	%	March 31, 2019	%
Production staff	473	63%	482	61%
Office and Management Staff	281	37%	312	39%
Total	754	100%	794	100%

Staff costs were as follows:

	March 31, 2020	March 31, 2019
Staff salary expenses	10,774,983	11,177,681
Expenses with meal vouchers	627.765	614.192
Expenses regarding insurance and social protection	448.895	476.962
Total	11,851,607	12,268,835

18. Shipping costs.

This position It includes:

	March 31, 2020	March 31, 2019
Expenses for the transport of raw materials	264.665	216.786
Expenses for transporting finished products	1,046,894	1,611,478
Expenses for transporting employees	140.625	140.127
Other transport costs	-	-
Total	1,452,184	1,968,391

19a. Other expenses related to income

	March 31, 2020	March 31, 2019
Maintenance and repair expenses	254.239	279.991
Rent expenses	93.201	202.620
Insurance expenses	102.785	110.929
Outsourcing expenses	722.289	1,904,373
Expenses regarding commissions and fees	647.047	267.840
Protocol expenses	11.392	26.191
Travel, secondment and transfer expenses	25.516	71.070
Postal charges and telecommunications charges	90.633	21.873
Expenses with banking and similar services	27.120	33.165
Other expenses with services provided by third parties	620.093	892.347
Expenses with other taxes and fees	273.452	304.339
Total	2,867,767	4,114,738

19b. Other expenses

	March 31, 2020	March 31, 2019
Total	109.920	3.817

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20. Income tax

The Company's current profit tax as of March 31, 2020 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of March 31, 2020 and March 31, 2019 is detailed as follows:

	March 31, 2020	March 31, 2019
Current income tax expense	64.740	160.551
(Income) / deferred income tax expense	-	-
Total	64.740	160.551

21. Provisions for risks and expenses

As of March 31, 2020, the Company has registered provisions for risks and expenses in the amount of 1,562,691 lei (1,861,586 lei as of December 31, 2019). Their synthetic situation is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance on January 1, 2020	0	163.395	0	1,698,191	1,861,586
Formed during the period	0	0		0	0
Used during the period	0	0	0	0	0
Real estate receivables value adjustments (ac. 2968)	0				0
Resumed during the period	0	0)	0	(298.895)	(298.895)
Balance as of March 31, 2020	0	163.395	0	1,399,296	1,562,691
Long-term	0	163.395	0	0	163.395
short term	0	0	0	1,399,296	1,399,296

- **Pension provisions in the amount of 163,359 lei (December 31, 2019: 163.359 lei).**

According to the collective labor contract, the Company offers cash benefits depending on the length of service for retirement for employees. The provisioned amount was calculated taking into account the amount provided for retirement based on seniority in the company, the time to retirement for each employee adjusted to the average turnover rate of the Company's staff in the last 5 years, respectively 19.33%.

- **Other provisions in the amount of 1,399,296 lei (December 31, 2019: 1,698,191 lei) include:**
 - The provision related to the redemption of pension insurance policies for the amount of 1,145,386 lei, are loyalty pension rights of COMELF employees, granted based on the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 253,910 includes a provision for potential commercial penalties, according to commercial contracts.

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*(All amounts are expressed in LEI, unless otherwise indicated)***22. Deferred tax liabilities**

Deferred tax liabilities as of March 31, 2020 and March 31, 2019 are generated by the items detailed in the following table:

	March 31, 2020	March 31, 2019
Deferred tax receivables	-	-
Deferred tax liabilities on reinvested earnings	(922.602)	(922.602)
Deferred tax liabilities related to revaluation differences of property, plant and equipment.	(8,763,225)	(9,099,153)
Deferred tax, net	(9,685,827)	(10,021,755)

23. Deferred income

1) 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 non-reimbursable financial aid from the state budget through the "Program to increase 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 photovoltaic cell manufacturing lines on state-of-the-art numerically controlled equipment, which uses a CNC boring machine with a continuously 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 equivalent value of the state aid was recognized by the Company as a government subsidy and amortized over a period of approximately 11 years.

The objectives of granting state aid were represented by modernizing existing products, making new products, increasing productivity, reducing energy consumption, reducing material consumption, optimizing decision making, environmental protection, quality assurance, objectives met by the Company.

2) The company received a government subsidy in 2013 in the amount of 16,848,613 lei within the project "Fundamental change of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and external market of SC COMELF SA".

The governmental subsidy was conditioned by the contribution from the Beneficiary of the amount of 27,635,774 lei, of which the eligible value 16,848,613 lei, the difference being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

In 2019, the Company resumed in revenue the amount of 1,577,322 lei (2018: 1,579,729 lei), representing the amortization of subsidies.

3) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Application of Smart Metering utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. During 2018, subsidies amounting to 282,755 lei were collected, of which part we find in fixed assets in progress 45,051 lei and part we find in receivables, respectively advance payment of fixed assets suppliers 237,703 lei. In October 2019, "Utility and production consumption monitoring system and Energy management software license" was put into operation, revenues from subsidies within this project amounting to 14,095 lei were registered.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

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(All amounts are expressed in LEI, unless otherwise indicated)

	March 31, 2020	March 31, 2019
Profit attributable to ordinary shareholders	547.060	879.856
Weighted average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.02	0.04

Diluted earnings per share are equal to basic earnings per share, as the Company has not recorded any potential ordinary shares.

25. Net financial expenses

The financial elements are the following:

	March 31, 2020	March 31, 2019
Interest income	2.649	2.834
Income from exchange rate differences	281.936	411.051
Other items of financial income	222.982	799.738
Total financial income	507.567	1,213,623
Interest expenses	(76.866)	(72.720)
Expenses with exchange rate differences	(565.011)	(1,212,693)
Other items of financial expenditure, of which:	(320.806)	(386.809)
Total financial expenses	(962.683)	(1,672,222)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on March 31, 2020 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remediation plans, on environmental elements.

The Company's management does not consider the expenses associated with possible environmental problems to be significant.

(b) Transfer price

According to Order 442/2016, the category of large taxpayers that exceed the following value thresholds in transactions with related parties:

- 200,000 euros, in case of interest collected/paid for financial services, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 250,000 euros, in the case of transactions regarding the provision of services received/provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350.000 euro, in case of transactions regarding acquisitions/sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

they have the obligation to draw up the transfer prices file and to make it available to the fiscal bodies, upon request, within 10 days from the date of the request by the authorized fiscal body.

Comelf SA has prepared the transfer pricing file for 2019, and will make an update for 2020.

27. Transactions and balances with affiliated parties

The affiliated parties as well as a brief description of their activities and relations with the Company are as follows:

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The transactions with the companies within the group are carried out on the basis of the framework commercial agreements in which the rights and obligations of each party are stipulated, specifying the type of contract:
- commission agreement, consulting agreement.

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

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

Based on the framework agreement, firm orders are issued, the purpose of which is monitored, following the full observance of the contact clauses.

Affiliated party	Activity	Description of the type of connection
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Acquisition of steel plates and sections Sale of thermal power plant products	
Uzinsider General Contractor SA	Collaborations on turnkey projects	
Promex SA	Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Subassembly collaborations	
Uzinsider Engineering SA	Providing services	

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

a) Receivables and payables from related parties

On March 31, 2020 and March 31, 2019, the receivables from the affiliated parties are as follows:

Receivables from	March 31, 2020	March 31, 2019
Uzinsider Techo SA	11,116,176	2,498,624
Uzinsider General Contractor SA	-	116,415
Promex SA	414,733	61,751
24 Ianuarie SA	-	48,542
Total	11,530,909	2,725,332

As of March 31, 2020 and March 31, 2019, the debts to the affiliated parties are as follows:

Debts to	March 31, 2020	March 31, 2019
Uzinsider SA	162,068	369,137
Uzinsider Techo SA	983,331	295,306
Uzinsider General Contractor SA	708,164	431,314
Promex SA	20,038	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	1,873,601	903,698

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b) Affiliated party transactions

The sales of goods and services to the affiliated parties are made at prices similar to those in the contracts concluded with external beneficiaries, as follows:

Sales in the year ended at:	March 31, 2020	March 31, 2019
Uzinsider Techo SA	7,548,999	1,493,529
Uzinsider General Contractor SA	-	-
Promex SA	-	39,800
24 Ianuarie SA	-	14,339
Uzinsider Engineering SA	-	-
Total	7,548,999	1,547,668

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

Acquisitions in the year ended at:	March 31, 2020	March 31, 2019
Uzinsider SA	204,288	204,288
Uzinsider Techo SA	690,010	107,026
Uzinsider Engineering Galati	-	-
Uzinsider General Contractor SA	1,191,593	1,562,822
Promex SA	10,447	-
24 Ianuarie SA	-	-
Total	2,096,338	1,874,136

As the contract requirements were not infringed, no impairment losses related to these transactions were recognized during the year.

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

28. Capital commitments

Procurement commitments for the period 2020 are limited to own sources of financing and are estimated at 0.53 million Euros.

29. Operational segment reporting

The manufacturing activity of the Company takes place within the factories organized on profit centers:

- Stainless Steel Products Factory (“FPI”)
- Earthmoving Machinery and Equipment, Filters and Electrostatic Precipitators Factory (“FUET”)
- Earthmoving Components and Machines Factory (“TERRA”)

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

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The Company regularly carries out actions to identify and monitor ongoing litigations and trials.

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

- FPI - the most important products are: stainless steel (equipment for gas turbine power plants, components for wind turbines, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, enclosures for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly 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 cutters, components for excavators, motor housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks.

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

	FPI		FUET		TERRA		Center		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
External revenues of the segment	11,904,068	12,027,019	16,850,999	17,984,121	6,181,569	8,583,976	1,117,728	1,859,338	36,054,364	40,454,454
Total segment revenues	11,904,068	12,027,019	16,850,999	17,984,121	6,181,569	8,583,976	1,117,728	1,859,338	36,054,364	40,454,454
Net financial costs	-179.486	-65.888	-130.244	-146.355	-43.182	-73.571	-102.204	-172.787	-455.116	-458.5999
Depreciation and amortization	451.819	446.120	760.706	745.041	498.886	468.927	192.428	168.765	1,903,839	1,828,853
Income tax expense	-	-	-117.719	-49.853	-17.707	-9.872	70.686	-100.726	-64.740	-160.551
The net result for the period	94.781	-103.617	612.755	279.750	-598.993	54.468	438.517	649.255	547.060	879.856
Segment assets	46,272,819	45,012,316	74,305,114	72,338,599	36,796,385	40,189,483	659.973	10,925,813	158,034,291	168,466,211
Investments in associated entities							0	0	0	0
Segment debts	33,114,242	32,040,839	43,744,075	43,592,574	25,956,551	29,221,980	-17,410,923	-9,007,400	85,403,945	95,847,993

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

The total income of the segment corresponds to the item income plus other income, and the other items with similar positions in the financial statements

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30. Events subsequent to the date of the statement of financial position:

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

31. Approval of financial statements

The financial statements were published on the company's website on 14.05.2020.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Director