

- Translation from the Romanian language –

**INTERIM FINANCIAL STATEMENTS IFRS ON 30<sup>th</sup> JUNE 2019**

**COMELF S.A.**

**Tax Identification Number 568656**

**Registration Number J06/2/1991**

**4 Industriei Street**

**420063 Bistrita**

**Romania**

<b>Statement of financial situation</b>	<b>1</b>
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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
<b>Assets</b>			
Intangible assets	5	479,878	591,703
Property, plant and equipment	5	88,408,998	91,532,890
Financial assets available for sale	6	-	-
<b>Total Non-current Assets</b>		<b>88,888,876</b>	<b>92,124,593</b>
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
<b>Total Current Assets</b>		<b>73,513,889</b>	<b>73,283,064</b>
<b>Total assets</b>		<b>162,402,765</b>	<b>165,407,657</b>
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
<b>Total Equity</b>		<b>71,659,681</b>	<b>71,937,578</b>
<b>Liability</b>			
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
<b>Total long-term debt</b>		<b>18,631,110</b>	<b>20,921,936</b>
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
<b>Total current liabilities</b>		<b>72,111,974</b>	<b>72,548,143</b>
<b>Total Debt</b>		<b>90,743,084</b>	<b>93,470,079</b>
<b>Total equity and debt</b>		<b>162,402,765</b>	<b>165,407,657</b>

Cenusa Gheorghe,  
General ManagerTatar 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>			
<b>Income</b>			
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
<b>Total revenue</b>		<b>76,334,114</b>	<b>75,366,732</b>
Other incomes	16	1,446,343	2,207,078
<b>Costs</b>			
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
<b>Total expenses</b>		<b>(75,672,175)</b>	<b>(76,244,576)</b>
<b>Profit before tax</b>		<b>2,108,282</b>	<b>1,329,234</b>
Income Tax	20	(285,621)	(30,443)
Profit from continuous operations		1,822,661	1,298,791
Profit from operations		-	-
<b>Profit for the period</b>		<b>1,822,661</b>	<b>1,298,791</b>
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	-	-
<b>Total profit or loss account and other elements of the overall result</b>		<b>1,822,661</b>	<b>1,298,791</b>
<b>Earnings per share</b>			
basic result per share	24	0.08	0.06
Diluted earnings per share	24	0.08	0.06

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

<b>THE SITUATION OF THE MODIFICATION OF EQUITY</b>	<b>Capital social</b>	<b>Adjustments of of registered capital</b>	<b>Differences and reserves from reevaluation</b>	<b>reserves legal</b>	<b>Other reserves</b>	<b>The Result withheld</b>	<b>Total equity</b>
<b>Balance as of January 1, 2018</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>38,438,295</b>	<b>2,607,265</b>	<b>10,502,483</b>	<b>-2,541,670</b>	<b>70,854,969</b>
<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
<b>Total profit or loss account and other elements of the overall result</b>	<b>0</b>	<b>0</b>	<b>-2,303,045</b>	<b>0</b>	<b>1,622,019</b>	<b>3,362,984</b>	<b>2.681.958</b>
Other items result retained - correction of accounting errors	0	0	0	0		22,651	22,651
<b>Other items result retained - correction of accounting errors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,651</b>	<b>22,651</b>
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	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>06</b>	<b>-1,622,000</b>	<b>-1,622,000</b>
<i>Profit or loss account and other elements of the overall result</i>							
<b>Balance as of Monday, December 31, 2018</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>36,135,250</b>	<b>2,607,265</b>	<b>12,124,502</b>	<b>-778,035</b>	<b>71,937,578</b>

**COMELF SA**  
INDIVIDUAL FINANCIAL STATEMENTS AS OF JUNE 30, 2019 IN  
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**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
<b>Balance as of Tuesday, January 1, 2019</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>36,135,250</b>	<b>2,607,265</b>	<b>12,124,502</b>	<b>-778,035</b>	<b>71,937,578</b>
<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
<b>Total profit or loss account and other elements of the overall result</b>	<b>0</b>	<b>0</b>	<b>-881,810</b>	<b>0</b>	<b>1,409,580</b>	<b>1,294,891</b>	<b>1,822,661</b>
Other items result retained - correction of accounting errors	0	0	0	0	0	-694,808	-694,808
<b>Other items result retained - correction of accounting errors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-694,808</b>	<b>-694,808</b>
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	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,405,750</b>	<b>-1,405,750</b>
<i>Profit or loss account and other elements of the overall result</i>							
<b>Balance as of Sunday, June 30, 2019</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>35,253,440</b>	<b>2,607,265</b>	<b>13,534,082</b>	<b>-1,583,702</b>	<b>71,659,681</b>

**THE STATEMENT OF CASH FLOWS**

	<b>6/30/2019</b>	<b>12/31/2018</b>
<b>Net income</b>	1,822,661	2,815,330
Depreciation and provisions	3,662,140	7,721,176
<b>Gross operating cash</b>	5,484,801	10,532,675
<b>Variation of working capital</b>		
Stock variation	2,188,579	1,199,295
Variation of other current assets	-2,349,106	57,309
Variation of Deferred Income / Suppliers Variation	-644,158	326,778
Variation of customer advance payments	103,378	7,220
Variation of employees' debts and related	-1,332,289	2,660,813
<b>Net operating cash</b>	55,453	-1,448,020
<b>Cash flow from net investments</b>	-197,558	807,190
<b>Variation of debts</b>		
Variation of short-term loans	4,711,715	10,897,055
Variation of long-term loans	135,038	2,749,363
Variation associated debts	516,761	-3,228,900
Variation of other debts	-1,722,736	3,497,925
Capital variation	855,741	134,347
<b>Financing Cash flow</b>	-	-
	-2,947,471	-10,147,054
<b>Total cash variations of the interval</b>	-3,297,706	-9,743,682
Initial cash	1,278,974	-1,592,159
<b>Cash NET at the end of the Interval</b>	3,737,986	5,330,144
	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                     |
| 8.  | Trade receivables and other receivables | 23. | Earnings per share                  |
| 9.  | Value adjustments                       | 24. | Financial elements                  |
| 10. | Cash and cash equivalents               | 25. | Contingent assets and liabilities   |
| 11. | Equity                                  | 26. | Affiliated parties                  |
| 12. | Loans                                   | 27. | Capital commitments                 |
| 13. | Trade debts and other debts             | 28. | Reporting on operational segments   |
| 14. | Revenue from construction contracts     | 29. | Events after the balance sheet date |
| 15. | Other incomes                           | 30. | Approval of financial statements    |

## 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.

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)
<b>Total</b>	<b>(2,460,919)</b>	<b>(2,460,919)</b>	<b>(3,712,742 )</b>	<b>(3,712,742)</b>

*(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	
<b>Balance as of January 1, 2018</b>	<b>1,451,707</b>	<b>21,247,075</b>	<b>39,915,606</b>	<b>88,965,112</b>	<b>457.326</b>	<b>878.284</b>	<b>152,915,110</b>
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
<b>Balance as of Monday, December 31,</b>	<b>858.746</b>	<b>21,247,075</b>	<b>40,046,069</b>	<b>88,968,501</b>	<b>449.006</b>	<b>2,153,475</b>	<b>153,722,872</b>
<b>Accumulated depreciation</b>							
<b>Balance as of January 1, 2018</b>	<b>558.844</b>	<b>0</b>	<b>6,320,463</b>	<b>48,396,139</b>	<b>197.632</b>	<b>0</b>	<b>55,473,078</b>
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
<b>Balance as of Monday, December 31,</b>	<b>267.043</b>	<b>0</b>	<b>8,914,062</b>	<b>52,195,141</b>	<b>222.033</b>	<b>0</b>	<b>61,598,279</b>

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

	<b>Intangible assets</b>	<b>Land</b>	<b>Buildings</b>	<b>Technica l installati</b>	<b>Other installatio ns and</b>	<b>Corporal immobilizat ions under</b>	<b>Total</b>
<b>Balance as of Tuesday, January 1, 2019</b>	<b>858,746</b>	<b>21,247,075</b>	<b>40,046,069</b>	<b>88,968,501</b>	<b>449,006</b>	<b>2,153,475</b>	<b>153,722,872</b>
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
<b>Balance as of Sunday, June 30, 2019</b>	<b>865,001</b>	<b>21,247,075</b>	<b>40,046,069</b>	<b>88,000,598</b>	<b>437,605</b>	<b>2,330,544</b>	<b>152,926,892</b>
<b>Accumulated depreciation</b>							
<b>Balance as of Tuesday, January 1, 2019</b>	<b>267.043</b>	<b>0</b>	<b>8,914,062</b>	<b>52,195,141</b>	<b>222.033</b>	<b>0</b>	<b>61,598,279</b>
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
<b>Balance as of Sunday, June 30, 2019</b>	<b>385,123</b>	<b>0</b>	<b>10,217,991</b>	<b>53,212,190</b>	<b>222,712</b>	<b>0</b>	<b>64,038,015</b>
<b>Net book value</b>							
<b>As of December 31, 2018</b>	<b>591.703</b>	<b>21,247,075</b>	<b>31,132,007</b>	<b>36,773,360</b>	<b>226.973</b>	<b>2,153,475</b>	<b>92,124,593</b>
<b>As of Sunday, June 30, 2019</b>	<b>479,878</b>	<b>21,247,075</b>	<b>29,828,078</b>	<b>34,788,408</b>	<b>222.712</b>	<b>2,330,544</b>	<b>88,888,877</b>

**COMELF SA**

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

**6.stocks**

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

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
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
<b>Total</b>	<b>5,005,663</b>	<b>7,354,769</b>

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:

	<b>June 30, 2019</b>	<b>31st of December</b>
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)
<b>Total</b>	<b>61,455,083</b>	<b>59,321,959</b>

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:

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

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

(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
<b>Total</b>	<b>2,036,183</b>	<b>2,868,351</b>

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:

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

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:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
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
<b>Total</b>	<b>5,016,960</b>	<b>3,737,985</b>

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

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

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**

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

**June 30, 2019**

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

**Monday, December 31, 2018**

<b>DEBT</b>	<b>Total</b>	<b>&lt;1 Month</b>	<b>1 - 3</b>	<b>3 months- 1</b>	<b>&gt; 1 year</b>
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
<b>TOTAL</b>	<b>65,928,295</b>	<b>30,328,958</b>	<b>22,307,646</b>	<b>10,866,652</b>	<b>2,425,039</b>

**Monday, December 31, 2018**

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

**COMELF SA**

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:

	<b>June 30, 2019</b>			<b>Monday, December 31, 2018</b>		
	<b>Number of shares</b>	<b>Total face value</b>	<b>%</b>	<b>Number of shares</b>	<b>Total face value</b>	<b>%</b>
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%
<b>Total</b>	<b>22,476,423</b>	<b>13,036,325</b>	<b>100%</b>	<b>22,476,423</b>	<b>13,036,325</b>	<b>100%</b>

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:

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

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
<b>Total</b>	<b>34,764,845</b>	<b>35,394,366</b>

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**

	<b>Sunday, June 30, 2019</b>	<b>Saturday, June 30, 2018</b>
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
<b>TOTAL</b>	<b>72,698,071</b>	<b>70,467,517</b>

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:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>Total</b>	<b>3,629,537</b>	<b>4,301,087</b>

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**16 b. Other incomes**

The position includes:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>Total</b>	<b>1,446,343</b>	<b>2,207,078</b>

**17. Staff costs**

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

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

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The staff expenses were as follows:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>Total</b>	<b>24,263,140</b>	<b>23,349,987</b>

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

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

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:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>Total</b>	<b>3,625,386</b>	<b>3,654,712</b>

**19a. Other expenses related to income**

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>Total</b>	<b>8,022,974</b>	<b>8,077,254</b>

**19b. Other expenses**

	<b>Sunday, June 30, 2019</b>	<b>June 30, 2018</b>
<b>Total</b>	<b>66,755</b>	<b>6,899,898</b>

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:

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

**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:

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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.	(8,887,999)	(9,179,400)
<b>Deferred tax, net</b>	<b>(9,937,773)</b>	<b>(10,312,373)</b>

**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:

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

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:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Interest income	4,592	2,288
Income from exchange rate differences	786,170	881,897
Other elements of financial income	863,405	-
<b>Total financial income</b>	<b>1,654,167</b>	<b>884,185</b>
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)
<b>Total financial expenses</b>	<b>(2,329,431)</b>	<b>(1,267,952)</b>

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.

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<b>Affiliated party</b>	<b>Activity</b>	<b>Description of the type of relationship</b>
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:

<b>Receivables as of</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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	-
<b>Total</b>	<b>7,962,638</b>	<b>3,584,892</b>

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

<b>Debts as of</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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	-	-
<b>Total</b>	<b>1,506,482</b>	<b>724,052</b>

**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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<b>Sales as of:</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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	-	-
<b>Total</b>	<b>7,528,361</b>	<b>4,484,190</b>

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

<b>Purchases as of:</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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	-	-
<b>Total</b>	<b>3,884,195</b>	<b>1,194,757</b>

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:

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**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.

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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**

	<b>FPI</b>		<b>FUET</b>		<b>TERRA</b>		<b>Administrative Entity</b>		<b>Total</b>	
	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
<b>Total revenues of the segment</b>	<b>23,672,755</b>	<b>22,578,297</b>	<b>34,486,731</b>	34,455,497	<b>16,235,739</b>	<b>16,791,675</b>	<b>3,385,232</b>	<b>3,758,341</b>	<b>77,780,457</b>	<b>77,573,810</b>
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.

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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:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
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
<b>TOTAL</b>	<b>77,780,457</b>	<b>77.573.810</b>

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