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

Date of report: 14.08.2019

Company Name: COMELF SA

Registered office: Bistrita, str. Industriei nr. 4

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

Unique registration code at the Trade Register Office: 568656

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

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

Main characteristics of the securities issued by the issuer:

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

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

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

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

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

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

I.1 Important events held between January and June 2019

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

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

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

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

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

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

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

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

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

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

II. Analysis of the Company's activity:

a) Description of the Company's core business:

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

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

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

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

b). Economic and financial situation

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

a) Balance sheet items COMELF SA:

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

b) Profit and loss account COMELF SA:

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

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

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

The gross result of the company was positively influenced by:

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

2. Analysis of the company's activity

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

Comelf SA was at no time unable to meet its financial obligations during the period under review.

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

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

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

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

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

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

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

3. Changes affecting the capital and management of the company

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

Not applicable.

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

Not applicable.

4. Significant transactions

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

Not applicable

5. ANNEXES

Attached to this report, in copy:

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

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

Annexes:

Shareholder Structure at the Reference Date June 30, 2019:

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

Management structures:

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

- Members of the Board of Directors of the Company:

Savu Constantin chairman

Babici Emanuel

member

Mustata Costica

member

Maistru Ion

member

Parvan Cristian

member

- Members of the Executive Board of the Company:

Cenusa Gheorghe

General Manager

Pop Viorel Mircea

Deputy General Manager

Oprea Paul Cristian

Technical and Manufacturing Deputy General Manager

Tatar Dana

Financial Manager

Serban Marcela

Purchasing Manager

Marica Ioan

Quality Director

Barbuceanu Codrut-Florentin

Managing Director of the factory

Viski Vasile

Factory Managing Director

Campian Cosmin

Factory Managing Director

Management statement

According to the best available information, we confirm that the individual financial statements for the first semester of 2019, prepared in accordance with International Financial Reporting Standards, provide a true and fair view of the assets, liabilities, financial position and profit and loss of Comelf SA, as provided by the applicable accounting standards.

We also confirm that the operational performance situation and the information presented in this report provide a fair and consistent picture of the main events that took place during the first six months of 2019 and their impact on the financial statements.

President of BD- eng. Savu Constantin

General Manager-eng. Cenusa Gheorghe

Financial Manager ec. Tatar Dana

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

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