

COMELF SA**INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AT THE DATE AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 IFRS COMPLIANCE***(All amounts are expressed in lei, unless otherwise indicated)***SIMPLIFIED INTERIM STATEMENT OF THE FINANCIAL POSITION AS OF SEPTEMBER 30, 2019**

	Note	September 30, 2019	December 31, 2018
Assets			
Intangible assets	5	455.604	591.703
Property, plant and equipment	5	87,516,444	91,532,890
Financial assets available for sale	6	-	-
Total Non-current Assets		87,972,048	92,124,593
Down-Payments granted for tangible assets	9	141.113	670.205
Stocks	7	5170.209	7,354,769
Receivables from contracts with customers	8	57,474,010	59,321,959
Trade receivables and other receivables	9	3,159,650	2,198,146
Current tax receivables		-	-
Cash and cash equivalents	11	5,850,129	3,737,985
Total Current Assets		71,795,111	73,283,064
Total assets		159,767,159	165,407,657
Share capital	12	13,036,325	13,036,325
Adjustments of share capital	12	8,812,271	8,812,271
Other equity elements	12	(8,931,189)	(9,183,135)
Reserves	12	59,885,072	60,050,153
Shares owned	12	-	-
Result Carried forward	12	(2,971,850)	(3,593,366)
The result of the exercise	25	2,327,293	2,815,330
Total Equity		72,157,922	71,937,578
Liability			
Overdraft	13	1,187,150	3,497,925
Debt on deferred tax	22	9,947,721	9,692,465
Leasing debts		177.912	54.840
Provisions for risks and expenses	21	190.059	190.059
Debt on deferred income	23	6,868,868	7,486,647
Total long-term debt		18,371,710	20,921,936
Overdrafts	13	34,441,600	33,813,275
Leasing Loan Current Part	13	49.796	16.293
Debt on deferred tax		83.982	413.272
Trade debts and other debts	14	31,894,960	35,394,366
Provisions for risks and expenses	21	1,214,157	1,316,293
Debt on deferred income	23	1,553,032	1,591,644
Total current liabilities		69,237,527	72,548,143
Total Debt		87,609,237	93,470,079
Total equity and debt		159,757,159	165,407,657

Cenusa Gheorghe,
General ManagerTatar Dana
Economic Director

COMELF SA

INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AT THE DATE AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 IFRS COMPLIANCE

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

	Note	September 30, 2019	September 30, 2018
<i>Continuous operations</i>			
Income			
Revenue from contracts with clients	15	104,001,039	104,163,583
Income from sale of goods		6.506	630.474
Other revenues related to turnover	16	5,046,400	6,583,518
Total revenue		109,053,945	111,377,575
Other incomes	16	1,896,944	2,732,028
Expenses			
Expenses with raw materials and other material expenses		(46,842,689)	(49,883,879)
Energy and water expenses		(3,281,983)	(2,713,898)
Expenditure on goods		(6.374)	(609.903)
Staff costs	17	(35,687,436)	(35,268,139)
Transportation expenses	18	(5,227,440)	(5,375,868)
Other expenses related to income	19	(10,687,732)	(11,307,290)
Expenses with writing-off and depreciation of fixed assets	5	(5,497,157)	(5,801,102)
Financial expenses, net	25	(1,015,773)	(615.685)
Adjustments for impairment of current assets, net	8	-	(170.000)
Expenses with provisions for risks and expenses, net	21	102.136	6,731,939
Other expenses	19	(141.315)	(6,909,781)
Total expenses		(108,285,358)	(111,923,606)
Profit before profit tax		2,665,531	2,185,997
Tax	20	(338.238)	(154.781)
Profit from continuous operations		2,327,293	2,031,216
Profit from operations		-	-
Profit for the interval		2,327,293	2,031,216
Other elements of the overall result			
Items that will not be reclassified to expenses or revenues			
Changes in value of the assets used, resulting from the revaluation, net of taxes		-	-
Elements that can be reclassified to expenses or revenues			
Changes in value of the securities available for sale	3	-	-
Total profit or loss account and other elements of the overall result		2,327,293	2,031,216
Earnings per share			
The result on basic share	24	0.10	0.09
Diluted earnings per share	24	0.10	0.09

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INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AT THE DATE AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 IFRS COMPLIANCE

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

**THE SIMPLIFIED INTERIM STATEMENT OF THE
MODIFICATION OF EQUITY**

	Capital social	Adjustments of share capital	Differences and reserves from reevaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance as of January 1, 2018	13,036,325	8,812,271	38,438,295	2,607,265	10,502,483	-2,541,670	70,854,969
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						2,815,330	2,815,330
<i>Other elements of the overall result</i>							
Net change in the fair value of the financial assets available for sale			0				0
Changes in value of assets used							0
<i>Movements within the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved transferred to the withheld result-current year			-2,303,045			2,169,673	-133,372
Other equity elements			0		1,622,019	-1,622,019	0
Established legal reserves				0		0	0
Total profit or loss account and other elements of the overall result	0	0	-2,303,045	0	1,622,019	3,362,984	2,681,958
Other items withheld result - correction of accounting errors	0	0	0	0		22,651	22,651
Other items result retained - correction of accounting errors	0	0	0	0	0	22,651	22,651
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	-1,622,000	-1,622,000
Total transactions with shareholders	0	0	0	0	0	-1,622,000	-1,622,000
<i>Profit or loss account and other elements of the overall result</i>							
Balance as of Monday, December 31, 2018	13,036,325	8,812,271	36,135,250	2,607,265	12,124,502	-778,035	71,937,578

COMELF SA

INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AT THE DATE AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 IFRS COMPLIANCE

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

**THE SIMPLIFIED INTERIM STATEMENT OF THE
MODIFICATION OF EQUITY**

(continued)

	Capital social	Adjustments of share capital	Differences and reserves from reevaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance as of Tuesday, January 1, 2019	13,036,325	8,812,271	36,135,250	2,607,265	12,124,502	-778,035	71,937,578
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						2,327,293	2,327,293
<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 value of assets used							0
<i>Movements within the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved transferred to the withheld result-current year			-1,574,661			1,574,661	0
Other equity elements			251,946		1,409,580	-1,661,526	0
Established legal reserves			0	0	0	0	0
Total profit or loss account and other elements of the overall result	0	0	-1,322,715	0	1,409,580	2,240,428	2,327,293
Other items result retained - correction of accounting errors	0	0	0	0	0	-701,199	-701,199
Other items result retained - correction of accounting errors	0	0	0	0	0	-701,199	-701,199
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 Monday, September 30, 2019	13,036,325	8,812,271	34,812,535	2,607,265	13,534,082	-644,556	72,157,922

SIMPLIFIED INTERIM STATEMENT OF CASH FLOWS

	9/30/2019	9/30/2018
Net income	2,327,293	2,031,216
Depreciation and provisions	5,497,157	5,801,102
Gross operating cash Variation of working capital	7,824,450	7,832,318
The variation of the receivables	-2,604,088	-2,282,087
Stock variation	-2,184,560	1,932,731
Variation of other current assets	778,929	878,330
V / Ch variation in advance	182,575	288,419
The variation of the suppliers	-3,689,486	733,507
Variation of customer down-payments	-299,449	1,512,792
Variation of employees' debts and assimilated	-447,998	-198,661
Net operating cash	7,214,662	9,062,563
Cash flow from net investments Variation of debts	815,520	2,192,223
Variation of short-term loans	628,325	4,691,700
Variation of long-term loans	-2,310,775	-3,317,001
Variation of the associates debts	716,726	1,273,278
Variation of other debts	-	-
Capital variation	-3,321,274	-9,479,239
Cash flow from financing	-4,286,999	-6,831,262
Total cash variations in the interval	2,112,143	39,078
Initial cash	3,737,986	5,330,144
NET Cash at the end of the interval	5,850,129	5,369,223

Cenusa Gheorghe,
 General Manager

Tatar Dana,
 Economic Director

COMELF SANOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AS OF
SEPTEMBER 30, 2019 IFRS COMPLIANCE

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NOTES TO FINANCIAL STATEMENTS ACCORDING TO IFRS

1. The reporting entity

COMELF SA (the "Company") is a joint stock company that operates in Romania in accordance with the provisions of Law 31/1990 on commercial companies and Law 297/2004 on the stock market, with subsequent completions and modifications. The company has its registered office in Bistrita, Industriiei 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 has as object of activity the manufacture of installations, sub-assemblies and components for power plants and environmental protection, equipment for earthmoving machinery, equipment for lifting and transporting, including their subassemblies, steel structures.

2. The basis of the preparation

a. Declaration of conformity

The financial statements were prepared by *Society* 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 1286 of 2012, 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 represent the standards adopted in accordance with 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 September 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 in a consistent methodological framework and that their management is an important component of the strategy on maximizing profitability, obtaining a discounted level of profit while maintaining a risk exposure.

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AS OF
SEPTEMBER 30, 2019 IFRS COMPLIANCE

acceptable and compliance with legal regulations. The formalization of the risk management procedures decided by the management of the Company 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 recording 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 being the possibility that the value of the costs for the execution of the projects will be greater than the estimated value so the contracts will run at a loss.

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

	September 30, 2019		December 31, 2018	
	Accounting	Value fair	Accounting	Value fair
Receivables from contracts with Trade receivables and other receivables	57,474,010	57,474,010	59,321,959	59,321,959
Down-Payments granted for tangible assets	3,159,650	3,159,650	2,198,146	2,198,146
Cash and cash equivalents	141,113	141,113	670,205	670,205
Short-term bank credit	5,850,129	5,850,129	3,737,985	3,737,985
Current part - leasing contract	(34,441,600)	(34,441,600)	(33,813,275)	(33,813,275)
	(49,796)	(49,796)	(16,293)	(16,293)
Debts on deferred tax (current part)	(83,982)	(83,982)	(413,272)	(413,272)
Trade debts and other debts	(31,894,960)	(31,894,960)	(35,398,197)	(35,398,197)
Total	154,564	154,564	-3,712,742	-3,712,742

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**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS, SIMPLIFIED, AS OF
SEPTEMBER 30, 2019 IFRS COMPLIANCE**

(i) Interest rate risk

As of September 30, 2019, most of the assets and liabilities of the Company are not interest bearers, except for the contracted credits. 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 recording some losses or of not realizing the estimated profit due to the 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 Company's financial assets and liabilities are expressed in national currency and therefore the exchange rate fluctuations do not significantly affect the Company's activity. The exposure to currency exchange rate fluctuations is mainly due to foreign currency deposits and receivables.

COMELF SA**NOTES TO THE SIMPLIFIED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2019 IFRS COMPLIANCE***(All amounts are expressed in LEI, unless otherwise indicated)***5. Tangible and intangible assets**

As of September 30, 2019 and December 31, 2018, tangible and intangible assets have evolved as follows:

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

COMELF SA

NOTES TO THE SIMPLIFIED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2019 IFRS COMPLIANCE

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

	Intangible assets	lands	Buildings	Technica l installati	Other installatio ns and	Corporal immobilizat ions taking	Total
Balance as of Tuesday, January 1, 2019	858,746	21,247,075	40,046,069	88,968,501	449,006	2,153,475	153,722,872
Acquisitions	32,102	0	0	1,088,029		1,391,216	2,511,347
Internal production	0	0	0			90,714	90,714
Output (writing-offs)	0	0	0	-1,211,028	-11,401		-1,222,429
Output (sales)	0	0	0	0		-1,257,423	-1,257,423
Internal transfers	0	0	0				0
Balance as of September 30, 2019	890,848	21,247,075	40,046,069	88,845,502	437,605	2,377,982	153,845,081
Accumulated depreciation							
Balance as of Tuesday, January 1, 2019	267.043	0	8,914,062	52,195,141	222.033	0	61,598,279
Amortization expense in the year	168,201		1,956,530	3,354,700	17,726		5,497,157
Cumulative depreciation of outflows	0		0	-1,211,002	-11,401		-1,222,403
Cancellation of depreciation for the revalued fixed assets	0		0	0			0
Balance as of September 30, 2019	435,244	0	10,870,592	54,338,839	228,358	0	65,873,033
Net accounting value							
As of December 31, 2018	591.703	21,247,075	31,132,007	36,773,360	226.973	2,153,475	92,124,593
On September 30, 2019	455,604	21,247,075	29,175,477	34,506,663	209,247	2,377,982	87,972,048

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE

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

6. stocks

As of September 30, 2019 and December 31, 2018, inventories recorded the following balances:

	September 30, 2019	December 31, 2018
Raw materials	4,684,711	6,868,095
Auxiliary materials	39,243	44,531
Combustible	11,227	8,622
Inventory items	388,335	391,504
Other	138,855	134,179
Adjustments for depreciation of raw materials	-92,162	-92,162
Total	5,170,209	7,354,769

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

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

7. Receivables from contracts with customers

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

	September 30th 2019	December 31st
Receivables from invoices from contracts with clients	41,072,403	37,980,635
Receivables from contracts with clients with no invoice	18,142,929	23,082,646
Value adjustments regarding receivables from contracts with invoiced clients	(1,741,322)	(1,741,322)
Total	57,474,010	59,321,959

The receivables from the contracts with the clients are presented net of the advances collected in the amount of 231,654 lei (September 30, 2019, as of December 31, 2018: 531,094).

8. Trade receivables and other receivables

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

	September 30, 2019	December 31, 2018
Receivables from sale of goods	-	-
VAT to be recovered	873,160	874,791
Advances paid to internal suppliers (excluding those for fixed assets)	170,922	284,228
Advances paid to external suppliers	182,711	27,286
Advances paid to the asset providers	141,113	670,205
Different debtors	82,582	92,396
Other receivables	2,861,262	1,930,432
Value adjustments	-1,010,987	-1,010,987

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE

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

Total	3,300,763	2,868,351
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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 at September 30, 2019 was as follows:

	The balance as of 01	increases	Decreases	The balance as of 30 .09. 2019
Value adjustments regarding receivables from customer contracts	1,741,322	-	-	1,741,322
Value adjustments for various debtors	1,010,987	-	-	1,010,987
Total	2,752,309	-	-	2,752,309

The adjustment amounting to 1,010,987 lei represents an adjustment in the value of 100% of the value of a senior 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 September 30, 2019 and December 31, 2018, cash and cash equivalents are as follows:

	September 30, 2019	December 31, 2018
Availability in bank accounts in local currency	858,594	1,061,707
Available in bank accounts in foreign currency	4,961,437	2,650,928
Cash	29,999	25,053
Other availability	99	297
Total	5,850,129	3,737,985

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

Cash management

The responsibility for the liquidity risk lies with the Board of Directors and the executive management Comelf, which establishes the cash management through the BVC and the cash flow, drawn up on the total company and for each subunit separately.

COMELF SA

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE

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

12. Equity*Share capital*

As of September 30, 2019 and December 31, 2018, the shareholder structure of the *company* is:

	September 30, 2019			December 31, 2018		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,185,356	10,547,506	80.91%	18,185,356	10,547,506	80.91%
Other shareholders	4,291,067	2,488,819	19.09%	4,291,067	2,488,819	19.09%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

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

The recalculated share capital contains the following components:

	September 30, 2019	December 31, 2018
Share capital	13,036,325	13,036,325
Adjustments of share capital - IAS 29	8,812,271	8,812,271
Share capital recalculated	21,848,593	21,848,596

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

Capital management

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

(a) Legal reserves

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the gross profit registered in accordance with IFRS 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) Re-evaluation reserves

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

(c.) Dividends

During the year 2018, according to the OGMS Decision of 18.04.2016, the Company decided to distribute dividends from the result of the financial year on December 31, 2018. The company declared dividends in the amount of 1,405,750 lei (representing 0.0625 lei / share). The company paid until September 30, 2019 to the shareholders the amount of 712,122 lei representing distributed dividends. As of September 30, 2019, the payment dividends amount to 2,159,878 lei.

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IFRS COMPLIANCE

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

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

As of September 30, 2019, 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 8,000,000 euros to provide working 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 up to 12 months. This credit facility is structured as follows: EUR 6,500,000 remains as credit for working capital of the UFN type and the difference up to the amount of EUR 1,500,000 has been canceled, at the request of the company, to be repaid, in equal monthly installments, with maturity 19.03.2021.

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

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

On September 30, 2019, the Company records a balance of the credit line in the amount of 35,628,750 lei (December 31, 2018: 37,311,200 lei).

b). Credit for investments

As of September 30, 2019, the Company has no loans for investments. The investment loan was repaid in full during 2018.

c). Leasing contracts

During the year 2018, the Company committed the purchase of a vehicle for the transport of persons, in leasing. The lease agreement no. 30154891 was concluded on 16.02.2018, financed by Unicredit Leasing Corporation IFN, value financed EUR 18,110.40, payable in 60 monthly installments. Balance on 30.09.2019: 58,794 lei.

During the year 2019, the Company committed the purchase of three vehicles for the transport of persons in leasing. The Leasing Contracts no. 234267,234268,234269/08.01.2019, financing entity Porsche Leasing, financed value 45.227,42 EUR, payable in 60 monthly installments. Balance on 30.09.2019: 164,798 lei.

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 a surface of 16820 sqm, top C1 cad: 8118/1/5: So Sidut (FFE).

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE

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

14. Trade debts and other debts

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

	September 30, 2019	December 31, 2018
Commercial debts	25,241,573	28,931,059
Debts to the state budget	1,533,272	2,039,234
The debts to the staff	2,830,059	2,853,647
Local taxes and fees	0	0
Dividends to ne paid	2,159,878	1,466,250
Other loans and similar debts	130,178	104,176
Total	31,894,960	35,394,366

Trade debts amounting to 25,241,573 lei (September 30, 2019; December 2018: 28,931,059 lei) are in accordance with the contracts concluded with the suppliers.

As of September 30, 2019 and December 31, 2018, debts to the state budget mainly include wage-related contributions.

11. Revenue from contracts with clients

	Monday, September 30,	Sunday, September
Revenue from contracts with clients and invoiced to the client (ct 701)	104,001,039	104,163,583
TOTAL	104,001,039	104,163,583

In order to recognize the revenues, the conditions imposed by IFRS15 are fulfilled and their registration is made based on the physical stage of the project confirmed by the client in line with the contractual value of the contract/order weighted with the physical stage realized and confirmed by the client.

16 a. Other revenues related to turnover

The position includes:

	September 30, 2019	September 30, 2018
Income from rents	11,256	2,094
Income from various activities	2,608,807	1,998,226
Revenue from the sale of residual products	1,865,222	2,819,354
Revenue from services provided	561,115	1,520,029
Total	5,046,400	6,583,518

16 b. Other incomes

The position includes:

	Monday, September 30, 2019	September 30, 2018
Income from investment subsidies	1,172,421	1,197,527
Income from the production of tangible assets	90,714	278,481
Revenue from operating subsidies	9,368	79,625
Revenue from ceded fixed assets	22,313	87,901
Other incomes	602,128	1,088,494
Total	1,896,944	2,732,028

COMELF SA**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE***(All amounts are expressed in LEI, unless otherwise indicated)***17. Staff costs**

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

	Sep 30 2019	%	September 30,	%
Directly productive personnel	486	61%	560	63%
Indirect staff and TESA	315	39%	330	37%
Total	801	100%	890	100%

The staff expenses were as follows:

	September 30,	September
Expenses with staff salaries	32,274,898	31,843,425
Expenses with meal vouchers	1,945,521	2,028,603
Expenses regarding insurance and social protection	733,069	1,396,111
Total	35,687,436	35,268,139

18. Expenditure on transport.

This position includes:

	Sep 30 2019	Sep 30 2018
Expenditure on the transport of raw materials	627,490	696,648
Expenditure on transport of finished products	4,193,778	4,295,827
Expenses for the transportation of employees	406,172	382,883
Other transport expenses	-	510
Total	5,227,440	5,375,868

19a. Other expenses related to income

	Sep 30, 2019	Sep 30, 2018
Maintenance and repair expenses	826.560	652.178
Rent expenses	575.539	413.291
Insurance expenses	297.407	345.931
Collaborative expenses	4,804,985	0
Expenses regarding commissions and fees	773.977	714.159
Protocol expenses	78.104	94.621
Expenses with travel, removals and transfers	180.046	218.032
Postal expenses and telecommunications charges	67.562	64.979
Expenditure on banking and similar services	101.445	153.546
Other expenses with services provided by third	2,134,371	7,544,937
Expenses with other taxes and fees	847.331	1,105,616
Total	10,687,327	11,307,290

19b. Other expenses

	September 30, 2019	September
Total	141.315	6,909,781

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE

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

20. Profit tax

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

The expense tax on September 30, 2019 and September 30, 2018 is detailed as follows:

	Sep 30 2019	Sep 30 2018
The expense with the current profit tax	338,238	154,781
(Income) / expense with deferred income tax	-	-
Total	338,238	154,781

21. Provisions for risks and expenses

As of September 30, 2019, the Company has provisions for risks and expenses in the amount of 1,404,216 lei (1,506,352 lei as of December 31, 2018). Their synthetic situation is presented below:

	Provision for guarante	Pension provisi on	Provision for litigation	Other provisions	Total
Balance as of Tuesday, January 1, 2019	0	190,059	0	1,316,293	1,506,352
Established during the period	0	0		0	0
Used during the period	0	0	0	102,136	102,136
Value adjustments receivable real estate (ct 2968)	0				0
Resumed during the period	0				0
Balance as of Sunday, June 30, 2019	0	190,059	0	1,214,157	1,404,216

Long-term	0	190,059	0	0	190,059
short term	0	0	0	1,214,157	1,214,157

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

According to the collective labor contract, 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 in the amount of 1,214,157 lei (December 31, 2018: 1,316,293 lei) include:**

- The provision related to repurchases of pension insurance policies for the amount of 1,214,157 lei, are loyalty pension rights of COMELF employees, granted according to the law and the Collective Labor Agreement, to be paid to employees (short term).

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IFRS COMPLIANCE

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

22. Debt on deferred tax

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

	September 30,	September
Claims on deferred tax	-	-
Debt on deferred tax related to reserves consists of reinvested profit	(1,574,661)	(1,627,255)
Deferred tax liabilities related to the revaluation differences of property, plant and equipment.	<u>(8,279,130)</u>	<u>(8,581,800)</u>
Deferred tax, net	<u>(9,853,791)</u>	<u>(10,209,055)</u>

23. Deferred revenue

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 the latest generation numerical control, which uses CNC reaming 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 value of the state aid was recognized by the Company as a government subsidy 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 as part of the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase the productivity and competitiveness on the internal and external market of SC COMELF SA".

The government subsidy was conditioned by the Beneficiary's contribution of the amount of 16,848,613 lei during the implementation period of the project, which is 24 months from 04.02.2013.

The objectives of 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 September 30, 2019, the Company resumed revenues of 1,553,032 lei (December 31, 2018: 1,594,644 lei), representing the share of depreciation related to the subsidies received.

24. Result 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:

	September 30, 201	September 30,
Profit attributable to ordinary shareholders	2,327,293	2,031,216
The balanced average number of ordinary shares	<u>22,474,423</u>	<u>22,474,423</u>
The result on basic share	<u>0.10</u>	<u>0.09</u>

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

COMELF SANOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
IFRS COMPLIANCE*(All amounts are expressed in LEI, unless otherwise indicated)***25. Net financial expenses**

The financial elements are the following:

	September 30,	September 30,
Interest income	4,602	5,359
Income from exchange rate differences	875,869	1,615,670
Other elements of financial income	1.004803	-
Total financial income	1,885,274	1,621,029
Interest expenses	(221,638)	(253,291)
Expenses with exchange rate differences	(1,892,663)	(1,891,151)
Other elements of financial expenses	(786,746)	(92,272)
Total financial expenses	(2,901,047)	(2,236,714)

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

The regulations regarding the environment are under development in Romania, and the Company has not registered any obligations on September 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 Pricing File for 2018 in accordance with Order number 442/2016.

27. Transaction and balances with related parties

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

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 litigation 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 contact clauses is fully observed.

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

Affiliated party	Activity	Description of the type of connection
Uzinsider SA	Consulting services	Uzinsider SA is a majority
Uzinsider Techo SA	Acquisition of steel sheets and profiles	
Uzinsider General Contractor SA	Sale of thermal power plants products	
Promex SA	Collaborations on turn-key jobs	
24 Ianuarie SA	Collaboration in the manufacture of	
Uzinsider Engineering SA	Subassembly collaboration	
	Providing services	

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 related parties

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

Receivables as of	September 30, 2019	September 30, 2018
Uzinsider Techo SA	5,285,233	1,270,102
Uzinsider General Contractor SA	1,380,132	603,137
Promex SA	511,360	371,367
24 Ianuarie SA	-	1,440
Total	7,176,725	2,246,045

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

Debts to	September 30, 2019	September 30, 2018
Uzinsider SA	375,171	309,137
Uzinsider Techo SA	618,476	95,449
Uzinsider General Contractor SA	1,122,187	-
Promex SA	7,606	75,129
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	2,123,440	479,715

b) Related 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 beneficiaries, as follows:

Sales at:	September 30, 2019	September 30, 2018
Uzinsider Techo SA	7,707,506	2,782,155
Uzinsider General Contractor SA	1,132,559	2,273,202
Promex SA	444,513	468,395
24 Ianuarie SA	14,339	1,210

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019
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(All amounts are expressed in LEI, unless otherwise indicated)

Uzinsider Engineering SA	-	-
Total	9,298,917	5,524,962

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

Purchases from:	September 30, 2019	September
Uzinsider SA	612,864	612,864
Uzinsider Techo SA	378,598	431,574
Uzinsider General Contractor SA	4,536,132	2,094
Promex SA	6,392	435,255
Uzinsider Engineering Galati	-	11,598
24 Ianuarie SA	-	-
Total	5.533.98	1,493,385

As there were no exceeding of the contact terms, 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 60-90-120 days, payment methods with payment orders and compensations, no guarantees are given, and there are no penalties for not paying them.

28. Commitment of capital

The purchase commitments for the period 2019 are limited to their own financing sources. The amount approved and allocated for investments is EUR 765,992. During the reporting period, capital expenditures amounting to EUR 260,188 were made

29. Reporting on operational segments

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

- Stainless Steel Products Factory ("FPI")
- Earth-Moving Machinery and Equipment Factory ("FUET")
- Earth-moving Components and Machines Factory ("TERRA")

The Company's activity involves exposure to a series of inherent risks. Among such risks there are 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 obligations 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 trials are regularly carried out.

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

- 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);

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- 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, hydromechanical and hydropower 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 machine components for compacted metal waste, telescopic cranes, sub-assemblies for heavy-duty dump trucks.

COMELF SA**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS SIMPLIFIED AS OF SEPTEMBER 30, 2019 IFRS COMPLIANCE***(All amounts are expressed in LEI, unless otherwise indicated)***Reporting by operating segments**

	FPI		fuet		TERRA		Center		Total	
	30.sept.19	30sept.18	30.sept.19	30sept.18	30.sept.19	30sept.18	30.sept.19	30sept.18	30.sept.19	30sept.18
Non-segment revenue	32,532,054	34,497,188	49,432,625	49,527,512	24,291,412	24,509,422	4,694,798	5,575,481	110,950,889	114,109,603
Total revenues of the segment	32,532,054	34,497,188	49,432,625	49,527,512	24,291,412	24,509,422	4,694,798	5,575,481	110,950,889	114,109,603
Net financial costs	-236,101	-215,030	-320,440	-187,823	-203,278	-76,602	-255,954	-136,230	-1,015,773	-615,685
Depreciation and amortization	1,338,836	1,372,500	2,240,408	2,246,736	1,407,655	1,407,185	510,258	774,681	5,497,157	5,801,102
Expenditure on profit tax	-	-	-212,358	-557	-	-	-125,880	-154,224	-338,238	-154,781
The net result of the period	-257,198	-442,994	1,156,589	126,693	-149,033	-273,922	1576.935	2,591,544	2,327,293	2,031,216
Segment assets	45,776,852	43,988,707	70,560,136	77,553,477	37,519,386	39,442,167	5,910,785	3,618,455	159,767,159	164,602,806
Investments in associated entities	-	-	-	-	-	-	0	199,972	0	199,972
The debts of the segment	32,397,023	30,759,497	40,239,015	49,391,704	26,218,359	28,374,965	-11,245,160	-15,214,510	87,609,237	93,311,656

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 with similar positions in the financial statements.

30. Events after 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 site on 14.11.2019.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Director