

Report for the third quarter of 2020

Issued on: 13/11/2020

Company name: COMELF SA

Registered Office: Bistrita, no. 4, Industriei street,

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

Unique registration code with the Trade Register Office: 568 656

Registered Business Number: J06 / 02/1991

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

The regulated market on which the issued securities are traded: B.S.E.

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

➤ On 14.04.2020, the OGMS took place, approving the distribution of the net profit for 2019, the amount of 1,500,000 lei for the payment of dividends to the company's shareholders and the amount of 1,124,114 lei for other reserves. The date of actual payment of dividends was set for 14.07.2020;

➤ The OGMS approved on 14.04.2020, the REB for the current year, the investment program for 2020, the company's organizational chart and the maximum credit limit for the current year, subject to a subsequent rectification, in the context of the uncertain health and economic situation generated by the SARS-CoV2 pandemic;

➤ During 01.07.2020-30.09.2020, the Pandemic declared on 11.03.2020, continued to produce effects worldwide.

Therefore, although the activity of companies, in general and of the partners, in particular, was resumed, the volumes decreased, compared to the similar period of previous years, amid medical and economic uncertainty and for existing orders, some customers expanded the Delivery Time.

Regarding the costs, on the one hand the support measures for economic operators, in our case GEO 92/2020, applicable during this period, had beneficial effects, as it covered part of the salary obligations, given the reduction of the turnover. On the other hand, the costs for the protection, security and health of the company's employees, given that the company's activity was not interrupted, increased by 30,000 lei; For the next 3 months of the financial year 2020, the significant risk is related to the health and safety of employees in the conditions of the COVID 19 pandemic and, further, to the global economic uncertainty;

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

The main indicators, thousands of lei	01.01.2020-30.09.2020	01.01.2019-30.09.2019	Δ%
Total operating income, of which:	91.649	110.951	(17.40)
Revenues from construction contracts	83.831	104.001	(19.39)
Profit / (Loss) of the period	1899	2327	(18.39)
EBITDA	8813	9076	(2.90)
Interest-bearing loans	34477	35856	(3.85)
The main indicators, thousands of lei	Quarter III-2020	Quarter III-2019	Δ%
Total operating income, of which:	28371	33170	(14.47)
Revenues from construction contracts	25776	31303	(17.66)
Profit / (Loss) of the period	689	505	36.43

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

❖ **Operating income** of COMELF SA were 92 million LEI on 30.09.2020, lower (111 million LEI on 30.09.2019) compared to those achieved in the same period of the previous year. Regarding their evolution in Q3/2020 compared to Q3/2019, there is a smaller decrease in operating income (reduction of 14.47%) compared to the evolution for the first 9 months (reduction of 17.40%); The decrease in revenues in the third quarter of 2020 compared to the third quarter of 2019 was influenced by: (i) the reduction in the volume of orders in the third quarter of 2020, amid the Pandemic and the global economic situation, characterized mainly by uncertainty, (ii) the postponement of delivery times for orders already placed and partially executed, to be completed and delivered on time, mentioned by customers;

❖ **Profit for the period** decreased in the first 9 months of 2020 compared to the same period in the previous year by 18.39%, while the profit achieved in the third quarter of 2020 improved, compared to that achieved in the third quarter of 2019, as a result of the application of GEO measures 92 but also of the execution, in the third quarter of 2020 of more complex products but with better profit margins.

The main factors that unfavourably influenced the evolution of profit in the first 9 months of 2020 were:

- ✓ the company's fixed costs, mainly depreciation and local taxes, which remained in absolute values at the level of 2019 but against the background of declining revenues, negatively influenced the company's gross result.
- ✓ Reduction of sales volumes and unpredictability of orders.

The company's patrimony on 30.09.2020 highlights the fact that:

- (i) Fixed assets: decreasing under the influence of monthly depreciation (cumulative effect on 30.09.2020: 5,671 thousand LEI), and the increase of new investments (0.819 thousand LEI);
- (ii) current assets decreased by 5.57% on 30.09.2020 compared to 31.12.2019, amid the reduction of trade receivables by 10%, finished products and production in progress by 17.37% in parallel with the increase in material stocks, as a result of the acquisition of some materials for future orders, at the clients' request;
- (iii) Equity on 30.09.2020 increased compared to 31.12.2019 with the amount related to the net profit realized during 01.01.2020-30.09.2020 but the increase is not at the level of the rescheduled profit, this being diminished by the distribution of the result carried forward to dividends;
- (iv) Interest-bearing loans on 30.09.2020 they decreased compared to 31.12.2019, due to the monthly repayment of a part of the working capital loan; The working capital on 30.09.2020 is 33,507,375 lei (31.12.2019: 35,546,044 lei);
- (v) Debts to suppliers decreased significantly compared to the beginning of 2020 (-5,056 thousand LEI), as a result of a prudent procurement policy and payments related to the procurement policy;

Report for the third quarter of 2020 may be reviewed on the company's website [www.comelf.ro/Updated information/](http://www.comelf.ro/Updated%20information/), as well as in the link below.

**General Manager,
eng. Cenusă Gheorghe**

**Financial Manager,
Ec. Dana Tatar**

COMELF SA Report for the third quarter

According to the FSA Regulation no. 5/2018 Annex no. 13

Issued on: 11/13/2020

Company Name: COMELF SA

Registered Office: No.4, Industriei street, Bistrita

Phone / fax number:

Unique registration code with the Trade Register Office: 568 656

Registered business number: J06 / 2/1991

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

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

The main characteristics of the securities issued by the company:

- NOMINATIVE SHARES in number of 22,476,423 with a value of 0.58 lei / share.

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

During 01.07.2020-30.09.2020, the Pandemic declared on 11.03.2020, worldwide, continued to produce effects.

In this sense, although the activity of companies, in general and of the partners, in particular, was resumed, the volumes decreased, compared to the similar period of previous years, amid medical and economic uncertainty and for existing orders, some customers extended the Delivery Time.

Regarding the costs, on the one hand the support measures for economic operators, in our case GEO 92/2020, applicable during this period, had beneficial effects, in the sense of covering part of the salary obligations, given the reduction of the turnover and on the other hand, the costs for the protection, security and health of the company's employees, given that the company's activity was not interrupted, increased by 30,000 lei;

For the next 3 months of the financial year 2020, the significant risk is related to the health and safety of employees in the conditions of the COVID 19 pandemic and, further, to the global economic uncertainty.

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

B. Economic-financial indicators in the first 9 months 2020 compared to the similar period of the previous year:

Indicator Name	Calculation model	01.01.2020-30.09.2020	01.01.2019-30.09.2019
<u>Current liquidity (general)</u>	Current assets / Current liabilities (recommended value for this indicator is around 2)	1.09	1.07
<i>The current (general) liquidity on 30.09.2020 is 1.09 and represents the degree of coverage of current debts through current assets held by the company.</i>			
<u>Degree of indebtedness</u>	Borrowed capital / Employee capital	1.02%	1.86 %

The indebtedness degree of the company is 1.02% and represents the share held by borrowed capital-debts over 1 year, in the committed capitals;

Customer debt collection time (days)	Average customer balance / Turnover X 270	95	88
Rotation speed of fixed assets	Turnover / Fixed Assets	1.10	1.30

**General Manager,
eng. Cenusă Gheorghe**

**Financial Manager,
ec. Dana Tatar**

STATEMENT OF FINANCIAL SITUATION on 30th September 2020

In Lei

Nr.	DENUMIREA POZITIEI	31.12.2019	30.09.2020
Crt.		IFRS	IFRS
1	<i>Actives</i>		
2	Development expenses	-	7,973
3	Intangible assets	607,754	544,380
4	Tangible assets	86,780,993	81,983,588
5	Financial assets available for sale	-	-
6	Total Fixed assets	87,388,747	82,535,941
7	Advance payments for tangible assets	163,204	70,683
8	Stocks	5,903,890	7,309,040
9	Account receivables from construction contracts	51,795,428	45,289,499
10	Commercial account receivables and of other types	2,152,402	3,261,511
11	Current tax account receivables	-	-
12	Cash and cash equivalents	7,528,245	7,851,209
13	Total Current Actives	67,543,169	63,781,942
14	Total Actives	154,931,916	146,317,883
15	Capital	13,036,325	13,036,325
16	Adjustments of the capital	8,812,271	8,812,271
17	Other elements of equity	(8,847,207)	(8,595,261)
18	Reserves	59,360,185	58,909,638
19	Reported result	(2,891,006)	(1,588,330)
20	Year result	2,624,114	1,899,322
21	Total shareholder's equity	72,094,682	72,473,965
22	<i>Debts</i>		
23	Long term bank loans	896,119	-
24	Other loans and debts-leasing	831,688	745,837
25	Debts for postponed tax	9,436,041	9,181,935
26	Provisions for risks and expenses	163,395	163,395
27	Debts for postponed income	6,478,087	5,257,471
28	Total long term debts	17,805,330	15,348,638
29	Overdrafts	34,649,925	33,507,375
30	The current share for the long term loan	-	-
31	Defferend tax liabilities	335,928	335,928
32	The current other loans and liabilities - leasing	214,593	223,725
33	Commercial and other types of debts	26,541,181	21,485,590
34	Provisions for risks and expenses	1,698,191	1,308,964
35	Debts for postponed income	1,592,086	1,633,698
36	Total current debts	65,031,904	58,495,280
37	Total Debts	82,837,234	73,843,918
38	Total shareholder's equity and debts	154,931,916	146,317,883

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	30.09.2019	30.09.2020
1	Revenue from contracts with customers	104,001,039	83,831,308
2	Income from selling goods	6,506	10,321
3	Other income connected to turnover	5,046,400	4,083,602
4	Other income	1,896,944	3,723,423
5	Total operating income	110,950,889	91,648,654
	<i>of that: turnover</i>	114,524,756	91,085,799
6	Raw materials and consumables expenses	46,842,689	36,117,161
7	Goods expenses	6,374	9,841
8	Staff expenses	35,687,436	32,293,265
9	Rent expenses	575,539	277,391
10	Expenses with premiums asigurate	297,407	304,116
11	Transport costs	5,227,440	4,266,607
12	Amortization and depreciation of fixed assets costs	5,497,157	5,671,383
13	Adjustments for depreciation of current assets, net	-	-
14	Provisions costs for risks and expenses , net	(102,136)	(140,376)
15	Other operating expenses	13,237,679	9,567,070
16	Total expenses	107,269,585	88,366,458
17	Profit from exploitation	3,681,304	3,282,196
18	Financial income	1,885,274	1,090,656
19	Financial expenses	(2,901,047)	(2,232,377)
20	Financial loss	(1,015,773)	(1,141,721)
21	Total revenue	112,836,163	92,739,310
22	Total expenses	110,170,632	90,598,835
23	Profit before tax profit	2,665,531	2,140,475
24	Tax profit	338,238	241,153
25	Net income	2,327,293	1,899,322
26	Other elements of global results		
27	Revaluation of tangible assets		
28	Other comprehensive income , after tax		
29	Total profit of loss account and other elements of global result	2,327,293	1,899,322
30	Earnings per share		
31	Diluted earnings per share	0.10	0.08

Cenusa Gheorghe
 General Manager

Tatar Dana
 Economic Manager

INTERIM FINANCIAL STATEMENTS IFRS ON 30th SEPTEMBER 2020

**COMELF SA
RO 568656
J06/2/1991
Str.Industriei nr.4
420063, Bistrita
Romania**

Financial statements	1
Profit and loss account and other comprehensive income	2
Statement of changes in equity	3
Cash flow statement	5
Notes to the individual financial statements	8

COMELF SA

INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30

	Nota	30-sep.-20	31-dec.-19
Assets			
Development expenses		7,973	-
Intangible assets	5	544,380	607,754
Tangible assets	5	81,983,588	86,780,993
Financial assets available for sale	6	-	-
Total non-current assets		82,535,941	87,388,747
Advance payments for tangible assets		70,683	163,204
Stocks	7	7,309,040	5,903,890
Receivables from contracts with customers	8	45,289,499	51,795,428
Trade receivables and other receivables	9	3,261,511	2,152,402
Current tax receivables		-	-
Cash and cash equivalents	11	7,851,209	7,528,245
Total Current Assets		63,781,942	67,543,169
Total Assets		146,317,883	154,931,916
Share capital	12	13,036,325	13,036,325
Share capital adjustments	12	8,812,271	8,812,271
Other elements of equity	12	-	-
Reserves	12	50,314,377	50,512,978
Reported outcome	12	(1,588,330)	(2,891,006)
Financial year outcome	25	1,899,322	2,624,114
Total Equity		72,473,965	72,094,682
Debts			
Long-term bank loans	13	-	896,119
Other loans and debts-leasing	13	745,837	831,688
Defferend tax liabilities	22	9,181,935	9,436,041
Provisions for risks and expenses	21	163,395	163,395
Defferend income liabilities	23	5,257,471	6,478,087
Total long-term debts		15,348,638	17,805,330
Overdrafts	13	33,507,375	34,649,925
Defferend tax liabilities	22	335,928	335,928
The current other loans and liabilities - leasing	11	223,725	214,593
Commercial debts and other debts	14	21,485,590	26,541,181
Provisions for risks and expenses	21	1,308,964	1,698,191
Defferend tax liabilities	23	1,633,698	1,592,086
Total current debts		58,495,280	65,031,904
Total Debts		73,843,918	82,837,234
Total equity and debts		146,317,883	154,931,916

Cenusa Gheorghe
 General Manager

Tatar Dana
 Financial Manager

COMELF SA

INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

	Nota	<u>30.sep.20</u>	<u>30.sep.19</u>
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	83,831,308	104,001,039
Revenues from sales of goods		10,321	6,506
Other elements related to the turnover		4,083,602	5,046,400
Total revenues		87,925,231	109,053,945
<i>of which turnover</i>	3	<i>91,085,799</i>	<i>114,524,756</i>
Other revenues	16	3,723,423	1,896,944
Expenses			
Raw material costs and other expenses		(36,117,161)	(46,843,013)
Electricity and water costs		(3,001,800)	(3,281,983)
Commodity expenses		(9,841)	(6,374)
Employment charges	17	(32,293,265)	(35,687,436)
Transport costs	18	(4,266,607)	(5,227,440)
Other expenses related to revenues	19	(7,006,311)	(10,687,327)
Cost depreciaton charge	5	(5,671,383)	(5,497,157)
Financial costs , net	25	(1,141,721)	(1,015,773)
Ajustments related to cirent assets depreciation ,net	8	140,376	102,136
Provision costs for risks and expenses, net	21	-	-
Other expenses	19	(140,466)	(140,991)
Total expenses		(89,508,179)	(108,285,358)
Pre-tax profit		2,140,475	2,665,531
Profit tax	20	(241,153)	(338,238)
Profit from continuous operations		1,899,322	2,327,293
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		1,899,322	2,327,293
Other comprehensive income			
<i>Items that will not be reclassified to expenses and revenues</i>			
Value changes of the used assets as a result of revaluation ,net of tax		-	-
<i>Items that can be reclassified to expenses and revenues</i>			
Value changes of securities available for sale	3	-	-
Total profit and loss account and other comprehensive income		1,899,322	2,327,293
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.08	0.10
Diluted outcome per share (lei per share)	24	0.08	0.10
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.08	0.10
Diluted outcome per share (lei per share)	24	0.08	0.10
Cenusa Gheorghe, General Manager		Tatar Dana ,, Financial Manager	

COMELF SA

INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

STATEMENT OF CHANGE OF EQUITY	Equity Social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The outcome withheld	Total equity
Balance on January 1, 2019	13,036,325	8,812,271	36,135,250	2,607,265	12,124,502	(778.035)	71,937,578
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						2,624,114	2,624,114
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the withheld result-current year			(2,099,547)			777.804	(1,321,743)
Other equity items			335.928		1,409,580	(1,409,580)	335.928
Legal reserves established				0		0	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,619)	0	1,409,580	1,992,338	1,638,299
Other elements of the withheld result - correction of accounting errors	0	0	0	0		(75.445)	(75.445)
Other elements of the withheld result - correction of accounting errors	0	0	0	0	0	(75.445)	(75.445)
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	(1,405,750)	(1,405,750)
Total transactions with shareholders	0	0	0	0	0	(1,405,750)	(1,405,750)
<i>Profit or loss account and other elements of the overall result</i>							
Balance as of December 31, 2019	13,036,325	8,812,271	34,371,631	2,607,265	13,534,082	(266.892)	72,094,682

COMELF SA

INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)**Continued on the next page*

STATEMENT OF CHANGE OF EQUITY	Equity social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The outcome withheld	Total equity
Balance on January 1, 2020	13,036,325	8,812,271	34,371,631	2,607,265	13,534,082	(266.892)	72,094,682
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						1,899,322	1,899,322
4. Other elements of the overall result							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result			-1,574,661			1,574,661	0
Other equity items			251.946		0	-251.946	0
Legal reserves established					1,124,114	-1,124,114	0
Total profit or loss account and other elements of the overall result	0	0	-1,322,715	0	1,124,114	2,097,923	1,899,322
Other items carried forward - correction of accounting errors			0	0	0	-20.039	-20.039
Other items result carried forward	0	0	0	0	0	-20.039	-20.039
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	-1,500,000	-1,500,000
Total transactions with shareholders	0	0	0	0	0	-1,500,000	-1,500,000
Balance as of September 30, 2020	13,036,325	8,812,271	33,048,916	2,607,265	14,658,196	310.992	72,473,965

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

STATEMENT OF CASH FLOWS

	30.09.2020	31.12.2019
Pre - tax profit	1,899,322	2,624,114
Depreciation of fixed assets	5,671,383	7,390,556
Cash operational brut	7,570,705	10,014,670
Workong Capital Variation		
Variation receivables	-5,626,800	-7,104,287
Variation stocks	1,405,150	-1,450,879
Variation in other current assents	1,028,982	-90,420
Variation Income/Expenses in advances	80,127	44,676
Variation suppliers	-5,910,553	-7,807,354
Variation customer advances	879,129	422,244
Variation employees and assimilated	379,509	12,545
Net operating Cash	6,031,331	11,243,015
Cash flow dfrom net investment	726,056	2,147,709
Debts change		
Variation of short-term loans	-1,142,550	836,650
Variation of long-term loans	-896,119	-2,601,806
Variation of associated debts	146,625	-422,824
Variation of other liabilities	-	-
Variation of capitalluri	-3,090,267	-3,117,066
Cash flow from financing	-4,982,311	-5,305,046
Total chas variation between	322,964	3,790,260
Initial Cash	7,528,245	3,737,985
Net Cash at end of period	7,851,209	7,528,245

Cenusa Gheorghe
General ManagerTatar Dana
Financial Manager

COMELF SA**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS***(All amounts are expressed in LEI, unless otherwise indicated)*

OPIS NOTE

- | | |
|--|---|
| 1. Reporting entity | 17. Staff costs |
| 2. Basis of preparation | 18. Transport costs |
| 3. Significant accounting policies | 19. Other operating expenses |
| 4. Significant risk management | 20. Income tax |
| 5. Tangible and intangible assets | 21. Provisions for risks and expenses |
| 6. Financial assets available for sale | 22. Deferred tax liabilities |
| 7. Inventories | 23. Deferred income |
| 8. Receivables from contracts with customers | 24. Earnings per share |
| 9. Trade receivables and other receivables | 25. Financial elements |
| 10. Value adjustments | 26. Contingent assets and liabilities |
| 11. Cash and cash equivalents | 27. Affiliated parties |
| 12. Equity | 28. Capital commitments |
| 13. Loans | 29. Reporting by Operational segment |
| 14. Trade and other payables | 30. Events after the balance sheet date |
| 15. Revenues from building contracts | 31. Approval of financial statements |
| 16. Other incomes | |

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

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

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

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

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

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the third quarter of 2020.

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

2. Basis of preparation**a. Declaration of conformity**

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

- International Financial Reporting Standards adopted by the European Union ("IFRS");
These financial statements of the Company are prepared in accordance with the requirements of the Order of the Ministry of Finance 2844 of 2016, for approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which repeals the Order 1286/2012. The International Financial Reporting Standards represent the standards adopted according to the procedure provided by Regulation (EC) no. 1,606 / 2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards. The transition date to International Financial Reporting Standards was January 1, 2011;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on September 30, 2020 are read together with the financial statements prepared for 31.12.2019 according to the same financial reporting framework.

3. Significant accounting policies

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

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

4. Management of significant risks

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

The investment activity leads to the Company's exposure to a variety of risks associated with the financial instruments held and the financial markets on which it operates. The main risks to which the Company is exposed are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- the risk related to the economic environment;
- operational risk.
- capital adequacy

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

The company has implemented policies and procedures for managing and assessing the risks to which it is exposed. These policies and procedures are presented in the section dedicated to each type of risk.

(a) Market risk

Market risk is defined as the risk of recording a loss or of not obtaining the expected profit, as a result of price fluctuations, interest rates and exchange rates.

The company is exposed to the following market risk categories:

(i) Price risk

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

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

	September 30, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
Receivables from contracts with customers	45,289,499	45,289,499	51,795,428	51,795,428
Trade receivables and other receivables	3,261,511	3,261,511	2,152,402	2,152,402

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

Down-payments granted for property, plant and equipment	70.683	70.683	163.204	163.204
Cash and cash equivalents	7,851,209	7,851,209	7,528,245	7,528,245
Short-term bank loan	-33,507,375	-33,507,375	-34,649,925	-34,649,925
Current part-lease	-223.725	-223.725	-214.593	-214.593
Deferred tax liabilities (current part)	-335.928	-335.928	-335.928	-335.928
The current part of long-term loans	-	-	-	-
Trade and other payables	-21,485,590	-21,485,590	-26,541,181	-26,541,181
Total	920.284	920.284	-102.348	-102.348

(ii) Interest rate risk

As of September 30, 2020, most of the Company's assets and liabilities are not interest-bearing, except for contracted loans and leasing contracts. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

Currency risk

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

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

On September 30, 2020 and December 31, 2019, tangible and intangible assets evolved as follows:

	Expenditure on research and development	Intangible assets	Land	Buildings	Technical installations and machines	Other installations and furniture	Tangible assets in progress	Total
	203	205	211	212	213	214	231	
Balance on January 1, 2020	0	1,096,792	21,247,075	40,046,069	90,781,003	437.604	1,546,636	155,155,179
Acquisitions	7.973	69.910	0	0	440.206	12.621	257.154	787.864
Domestic production	0	0	0	0	0	0	30.712	30.712
Cancellations (Scrapped items)	0	0	0	0	0	0	0	0
Internal transfers	0	0	0	213.087	590.957	0	-804.044	0
Internal transfers	0	0	0	0	0	0	0	0
Balance as of September 30, 2020	7.973	1,166,702	21,247,075	40,259,156	91,812,165	450.226	1,030,458	155,973,755
Accumulated depreciation								
Balance on January 1, 2020	0	489.038	0	11,523,215	55,520,175	234.004	0	67.766, .432
Depreciation expense per year	0	133.284	0	1,958,550	3,562,284	17.264	0	5,671,382
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance as of September 30, 2020	0	622.322	0	13,481,765	59,082,459	251.268	0	73,437,814

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

Balance on January 1, 2019	858.746	21,247,075	40,046,069	88,968,501	449.006	2,153,475	153,722,872	
Acquisitions	113.966	0	0	1,357,043	0	1,546,866	3,017,875	
Domestic production	0	0	0	0	0	105.370	105.370	
Cancellations (scrapped items)	0	0	0	-1,211,027	-11.402	-468.509	-1,690,938	
Internal transfers	124.080	0	0	1,666,486	0	-1,790,566	0	
Internal transfers	0	0	0	0	0	0	0	
Balance as of December 31, 2019	1,096,792	21,247,075	40,046,069	90,781,003	437.604	1,546,636	155,155,179	
Accumulated depreciation								
Balance on January 1, 2019	267.043	0	8,914,062	52,195,141	222.034	0	61,598,280	
Depreciation expense per year	221.995	0	2,609,153	4,536,036	23.372	0	7,721,175	
Cumulative depreciation of outflows	0	0	0	-1,211,002	-11.401	0	-1,595,973	
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	
Balance as of December 31, 2019	489.038	0	11,523,215	55,520,175	234.004	0	67.766, .432	
Net book value								
On September 30, 2020	7.973	544.380	21,247,075	26,777,391	32,729,706	198.958	1,030,458	82,535,941
On December 31, 2019	0	607.754	21,247,075	28,522,854	35,260,827	203.601	1,546,636	87,388,747

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

6. Financial assets available for sale

As of September 30, 2020 and December 31, 2019, Comelf SA no longer holds financial assets available for sale.

7. Inventories

On September 30, 2020 and December 31, 2019, the stocks record the following balances:

	September 30, 2020	December 31, 2019
Raw materials	6,812,311	5,362,825
Auxiliary materials	45.467	43.891
Combustible	16.037	8.578
Inventory items	381.587	384.999
Other	98.005	147.964
Adjustments for depreciation of raw materials	-44.367	-44.367
Total	7,309,040	5,903,890

The company did not record any value adjustments for the impairment of inventories as of September 30, 2020.

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

8. Receivables from contracts with customers

As of September 30, 2020 and December 31, 2019, the receivables from commercial contracts are as follows:

	September 30, 2020	December 31, 2019
Invoiced receivables from contracts with customers	32,472,636	35,817,997
Uninvoiced receivables from contracts with customers	15,032,701	18,193,270
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	45,289,499	51,795,428

As of September 30, 2020 Receivables from contracts with customers are presented net of advances received in the amount of 1,832,467 lei (31 December 2019: 953.338).

9. Trade receivables and other receivables

On September 30, 2020 and December 31, 2019, trade and other receivables are as follows:

	September 30, 2020	December 31, 2019
Receivables from sales of goods	-	-
VAT to be recovered	1,556,928	975.906
Down-payments paid to domestic suppliers (excluding those for fixed assets)	154.426	152.127
Down-payments paid to external suppliers	155.288	176.481
Down-payments paid to fixed assets suppliers	70.683	163.204
Different debtors	1,343,330	139.116
Other receivables	1,062,526	1,719,759
Value adjustments	-1,010,987	-1,010,987
Total	3,332,194	2,315,606

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

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

10. Impairment adjustments for current assets

The evolution of value adjustments on the depreciation of current assets as of September 30, 2020 was as follows:

	Balance on January 1, 2020	increases	Decreases	Balance as of September 30, 2020
Value adjustments regarding receivables from contracts with customers	2,215,838	-	-	2,215,838
Value adjustments for miscellaneous debtors	1,010,987	-	-	1,010,987
Total	3,226,825	-	-	3,226,825

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

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

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

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

11. Cash and cash equivalents

As of September 30, 2020 and December 31, 2019, cash and cash equivalents are as follows:

	September 30, 2020	December 31, 2019
Availability in bank accounts in local currency	3,029,174	888.619
Availability in bank accounts in foreign currency	4,796,408	6,614,870
Cash	25.147	24.657
Other availabilities	480	99
Total	7,851,209	7,528,245

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

Cash management

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

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

As of September 30, 2020, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

	September 30, 2020			December 31, 2019		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,189,999	10,550,199	80.93%	18,189,999	10,550,199	80.93%
Other shareholders	4,286,424	2,486,126	19.07%	4,286,424	2,486,126	19.07%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

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

The restated share capital contains the following components:

	September 30, 2020	December 31, 2019
Share capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	8,812,271	8,812,271
Share capital portrayed	21,848,596	21,848,596

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

Capital management**(a) Legal reserves**

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

Legal reserves cannot be distributed to shareholders, but can be used to cover cumulative losses. On 30.09.2020, the company already had a legal reserve up to the amount of these limits.

(b) Revaluation reserves

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

(c.) Dividends

During 2020, In accordance with the Decision of the Ordinary General Meeting of Shareholders, the Company decided to distribute dividends from the result of the financial year ended December 31, 2019. The company distributed dividends in the amount of 1,500,000 lei (representing 0.0667 lei / share). The company paid until September 30, 2020 to the shareholders the amount of 1,353,375 lei representing dividends distributed from 2019 and previous years. As of September 30, 2020, the balance of payment dividends is 1,190,051 lei.

13. Loans**a) Credit line**

On September 30, 2020, the Company has a credit agreement for working capital, concluded with ING Bank Romania - contract no. 11438 / 09.11.2011, with a maturity of one year, is renewed in November of each year. The object of the contract is represented by a credit facility in the amount of EUR 8,000,000, of which the Company reimbursed during 2020 the amount of EUR 562,500 in 9 equal monthly installments, thus the amount of the credit facility on 30.09.2020 is 6.875,000 euros. The loan was accessed to provide working capital to cover the financial needs of the Company's current needs and potential commitments in the form of

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

bonds with a maximum maturity of 12 months. This credit facility is structured as follows: EUR 6,500,000 remains as a credit for working capital of UFN type and the difference up to the amount of EUR 6,875,000, respectively EUR 375,000 was rescheduled, at the company's request, to be repaid, in equal monthly installments, within a remaining period of 6 months.

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

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

As of September 30, 2020, the Company registers a balance of the credit line in the amount of 33,507,375 lei (December 31, 2019: 35,546,044 lei).

b). Leasing contracts

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

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

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

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

- Land with an area of 13,460 sqm and constructions with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and constructions with a built-up area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and constructions with a built-up area of 572.93 sqm, having the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, cad.C1 top: 8118/1/5: SIDUT monobloc hall.

14. Trade and other payables

As of September 30, 2020 and December 31, 2019, trade payables and other payables are as follows:

	September 30, 2020	December 31, 2019
Trade payables	15,213,152	21,123,706
Debts to budgets	2,539,889	1,728,301
Debts to staff	2,467,156	2,525,713
Silver dividend	1,190,051	1,043,425
Other loans and similar debts	75.342	120.036
Total	21,485,590	26,541,181

The commercial debts in the amount of 15,213,152 lei (September 30, 2020 December 31,2019: 21,123,706 lei) are in accordance with the contracts concluded with the suppliers.

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

As of September 30, 2020 and December 31, 2019, debts to budgets mainly include contributions related to salaries.

15. Revenues from contracts with customers

	September 30, 2020	September 30, 2019
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	83,831,308	104,001,039
TOTAL	83,831,308	104,001,039

In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues in execution phases proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in phases), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution phase. The company executes goods based on projects, only at the request of customers, based on firm orders. The evaluation of the revenues from the contracts with the clients, on execution phases, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company recognizes an income, based on the total income to be obtained related to the weighted contract with the evolution of the corrected actual cost (without negative deviations). execution of the contract.

16a. Other revenue related to turnover

The position includes:

	September 30, 2020	September 30, 2019
Rental income	16.407	11.256
Income from various activities	2,018,136	2,608,807
Revenues from the sale of residual products	893.034	1,865,222
Revenue from services rendered	1,156,025	561.115
Total	4,083,602	5,046,400

16b. Other incomes

The position includes:

	September 30, 2020	September 30, 2019
Income from investment grants	1,220,616	9.368
Income from operating subsidies	2,182,741	1,172,420
Income from disposed of fixed assets	31.483	22.313
Other incomes	288.583	692.843
Total	3,723,423	1,896,944

17. Staff costs

The average number of employees on September 30, 2020 and September 30, 2019 was as follows:

	September 30, 2020	%	September 30, 2019	%
Direct productive staff	420	62%	488	61%

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

Office staff and TESA	258	38%	317	39%
Total	678	100%	805	100%

Staff costs were as follows:

	September 30, 2020	September 30, 2019
Staff salary expenses	29,466,122	32,274,898
Expenses with meal vouchers	1,695,555	1,945,521
Expenses regarding insurance and social protection	1,131,588	1,467,017
Total	32,293,265	35,687,436

Personnel expenses are grossly highlighted, the company received subsidies for technical unemployment (GEO 32/2020) during April-May 2020, amounting to 1,062,929 lei, the subsidy in the amount of 41.5% (GO 92/2020) for the period June – August 2020 in the amount of 1,005,774 lei and for September 2020 it registered for income the subsidy receivable related to the reduced working time, based on GEO 132, amounting to 95,991.

18. Transport costs.

This position includes:

	September 30, 2020	September 30, 2019
Expenses for the transport of raw materials	629.565	627.490
Expenses for transporting finished products	3,252,472	4,193,778
Expenses for transporting employees	384.570	406.172
Other transport costs	-	-
Total	4,266,607	5,227,440

19a. Other expenses related to income

	September 30, 2020	September 30, 2019
Maintenance and repair expenses	890.990	826.560
Rent expenses	277.391	575.539
Insurance expenses	304.116	297.407
Expenses with professional training	36.450	-
Outsourcing expenses	1,594,012	4,804,985
Expenses regarding commissions and fees	1,061,951	773.977
Protocol expenses	18.598	78.104
Expenses with travel, secondments and transfers	31.363	180.046
Postal charges and telecommunications charges	277.169	67.562
Expenses with banking and similar services	91.594	101.445
Other expenses with services provided by third parties	1,634,891	2,134,371
Expenses with other taxes and fees	787.786	847.331
Total	7,006,311	10,687,327

19b. Other expenses

	September 30, 2020	September 30, 2019
Total	140.466	140.991

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

20. Income tax

The Company's current income tax as of September 30, 2020 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of September 30, 2020 and as of September 30, 2019 is detailed as follows:

	September 30, 2020	September 30, 2019
Current income tax expense	241.153	338.283
(Income) / deferred income tax expense	-	-
Total	241.153	338.283

21. Provisions for risks and expenses

As of September 30, 2020, the Company has registered provisions for risks and expenses in the amount of 1,472,359 lei (1,861,586 lei as of December 31, 2019). Their situation is summarized below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance on January 1, 2020	0	163.395	0	1,698,191	1,861,586
Formed during the period	0	0		0	0
Used during the period	0	0	0	0	0
Real estate receivables wave adjustments (ct 2968)	0				0
Resumed during the period	0	0)	0	(389.227)	(389.227)
Balance as of March 31, 2020	0	163.395	0	1,308,964	1,472,586

Long-term	0	163.395	0	0	163.395
short term	0	0	0	1,308,964	1,308,964

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

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

- **Other provisions in the amount of 1,308,964 lei (December 31, 2019: 1,698,191 lei) include:**
 - The provision related to the redemption of pension insurance policies for the amount of 1,055,054 lei, are loyalty pension rights of COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 253,910 includes a provision for potential commercial penalties, according to commercial contracts.

22. Debts regarding deferred tax

Deferred tax liabilities as of September 30, 2020 and September 30, 2019 are generated by the items detailed in

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

the following table:

	September 30, 2020	September 30, 2019
Deferred tax receivables	-	-
Debts on deferred tax related to reserves consisting of reinvested earnings	(922.602)	(922.602)
Deferred tax liabilities related to revaluation differences of property, plant and equipment.	(8,595,261)	(9,109,101)
Deferred tax, net	(9,517,863)	(10,031,703)

23. Deferred income

1) In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("the Ministry") the financing contract no. 3131/230303 whose object is the granting of non-reimbursable financial aid from the state budget through the "Program 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 photovoltaic cell manufacturing lines on state-of-the-art numerically controlled equipment, which uses a CNC boring machine with a continuously indexable processing head, in SC Comelf SA. " The total cost of the project was 1,991,488 lei, of which the state aid was 836,760 lei. The equivalent value of the state aid was recognized by the Company as a government subsidy and amortized over a period of approximately 11 years. The objectives for granting state aid were represented by modernizing existing products, making new products, increasing productivity, reducing energy consumption, reducing material consumption, optimizing decision making, environmental protection, quality assurance, objectives achieved by the Company.

On September 30, 2020, the Company resumed in revenue the amount of 52,805, representing the amortization of subsidies.

2) The company received a government subsidy in 2013 in the amount of 16,848,613 lei within the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and external market of SC COMELF SA". The governmental subsidy was conditioned by the contribution from the Beneficiary of the amount of 27,635,774 lei, of which the eligible value 16,848,613 lei, the difference being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

On September 30, 2020, the Company resumed in revenue the amount of 1,104,383 lei (2019: 1,592,086 lei), representing the amortization of subsidies.

3) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application of utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. During 2018, subsidies amounting to 282,755 lei were collected, of which part we find in fixed assets in progress 45,051 lei and part we find in receivables, respectively advance payment of fixed assets suppliers 237,703 lei. In October 2019, the "Utility and production consumption monitoring system and the energy management software license" was put into operation, for which, between January- September 30,2020, subsidies revenues were registered within this project in the amount of 63,428 lei.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

	September 30, 2020	September 30, 2019
Profit attributable to ordinary shareholders	1,899,322	2,327,293
Weighted average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.08	0.10

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

25. Net financial expenses

The financial elements are the following:

	September 30, 2020	September 30, 2019
Interest income	23.833	4.602
Income from exchange rate differences	569.854	875.869
Other items of financial income	496.969	1,004,803
Total financial income	1,090,656	1,885,274
Interest expenses	(215.960)	(50.817)
Expenses with exchange rate differences	(1,264,168)	(1,892,663)
Other items of financial expenditure, of which:	(752.249)	(957.567)
Total financial expenses	(2,232,377)	(2,901,047)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on September 30, 2020 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remediation plans, on environmental elements.

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

(b) Transfer price

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

- 200,000 euros, in case of interest collected / paid for financial services, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 250,000 euros, in the case of transactions regarding the provision of services received / provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350, .000 euro, in case of transactions regarding acquisitions / sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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

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

27. Transactions and balances with affiliated parties

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

The transactions with the companies within the group are carried out on the basis of 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 eventual litigations being within the competence of the International Arbitration Court attached to the Chamber of Commerce and Industry of Romania.

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

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

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

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

a) Receivables and payables with related parties

On September 30, 2020 and September 30, 2019, the receivables from the affiliated parties are as follows:

Receivables from	September 30, 2020	September 30, 2019
Uzinsider Techo SA	3,454,205	5,285,233
Uzinsider General Contractor SA	239.998	1,380,132
Promex SA	30.754	511,360
24 Ianuarie SA	9.075	
Total	3,734,032	7,176,725

As of September 30, 2020 and September 30, 2019, the debts to the affiliated parties are as follows:

Debts to	September 30, 2020	September 30, 2019
Uzinsider SA	162.068	375,171
Uzinsider Techo SA	551.813	618,476
Uzinsider General Contractor SA	421.402	1,122,187
Promex SA	-	7,606
24 Ianuarie SA	8.339	-
Uzinsider Engineering SA	-	-
Total	1,143,622	2,123,440

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

b) Affiliated party transactions

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

Sales in the year ended at:	September 30, 2020	September 30, 2019
Uzinsider Techo SA	11,532,122	7,707,506
Uzinsider General Contractor SA	5.690	1,132,559
Promex SA	25.844	444.513
24 Ianuarie SA	7.626	14.339
Uzinsider Engineering SA	-	-
Total	11,571,282	9,298,917

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

Acquisitions in the year ended at:	September 30, 2020	September 30, 2019
Uzinsider SA	612.864	612,864
Uzinsider Techo SA	1,201,434	378,598
Uzinsider Engineering Galati	-	-
Uzinsider General Contractor SA	3,571,096	4,536,132
Promex SA	103.339	6,392
24 Ianuarie SA	15.533	-
Total	5,411,374	5.533.98

As there were no exceedances 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 days, payment methods with payment order and compensations, no guarantees are constituted, and there are no penalties for non-payment.

28. Capital commitments

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

29. Reporting by Operational segment

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

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

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

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

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

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

	FPI		FUET		TERRA		Center		Total	
	September 30, 2020	30/09/2019	30/09/2020	30/09/2019	30/09/2020	30/09/2019	30/09/2020	30/09/2019	30/09/2020	30/09/2019
External income of the segment	28,025,997	32,532,054	41,452,157	49,432,625	18,299,224	24,291,412	3,871,276	4,694,798	91,648,654	110,950,889
Segment total revenues	28,025,997	32,532,054	41,452,157	49,432,625	18,299,224	24,291,412	3,871,276	4,694,798	91,648,654	110,950,889
Net financial costs	-416.0266	-236.101	-347.931	-320.440	-149.586	-203.278	-228.178	-255.954	-1,141,7216	-1,015,773
Depreciation and amortization	1,356,101	1,338,836	2,259,759	2,240,408	1,490,683	1,407,655	564,840	510.258	5,671,383	5,497,157
Income tax expense	-	-	-241.153	-212.358	-	-	-	-125.880	-241.153	-338.238
The net result for the period	-650.292	-257.198	2,774,656	1,156,589	-1,010,077	-149.033	785.035	1,576,935	1,899,322	2,327,293
Segment assets	41,748,122	45,776,852	72,352,107	70,560,136	35,536,604	37,519,386	-3,318,950	5,910,785	146,317,883	159,767,159
Investments in associated entities							0	0	0	0
Segment debts	28,703,869	32,397,023	39,842,058	40,239,015	24,980,986	26,218,359	-19,682,995	-11,245,160	73,843,918	87,609,237

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

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

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2020 IN ACCORDANCE WITH IFRS

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

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

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

31. Approval of financial statements

The financial statements were published on the site on 13.11.2020.

Cenusa Gheorghe
General Manager

Tatar Dana
Financial Manager