

COMELF SA

INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS

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

INTERIM FINANCIAL STATEMENTS IFRS ON 30th JUNE 2021

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

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INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in lei, unless otherwise indicated)***STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021**

	Nota	<u>June 30, 2021</u>	<u>31 December, 2020</u>
Assets			
		7,973	7,973
Intangible assets	5	509,513	568,443
Tangible assets	5	77,590,163	80,323,434
Financial assets available for sale	6	-	-
Total non-current assets		78,107,649	80,899,850
Advance payments for tangible assets		60,283	68,886
Stocks	7	12,167,072	7,348,271
Receivables from contracts with customers	8	52,008,652	40,732,363
Trade receivables and other receivables	9	3,082,979	2,506,247
Current tax receivables		-	-
Cash and cash equivalents	11	5,426,561	10,840,220
Total Current Assets		72,745,547	61,495,987
Total Assets		150,853,196	142,395,837
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	50,194,525	49,873,472
Reported outcome	12	(731,092)	(1,497,868)
Financial year outcome	25	1,948,597	2,702,863
Total Equity		73,260,626	72,927,063
Debts			
Long-term bank loans	13	-	-
Other loans and debts-leasing	13	602,029	717,648
Deferrend tax liabilities	22	8,929,989	9,097,953
Provisions for risks and expenses	21	119,507	119,507
Deferrend income liabilities	23	4,070,522	4,863,621
Total long-term debts		13,722,047	14,798,729
Overdrafts	13	32,020,300	32,564,113
Deferrend tax liabilities	22	335,928	335,928
The current other loans and liabilities - leasing	11	231,007	225,172
Commercial debts and other debts	14	28,690,381	18,415,047
Provisions for risks and expenses	21	981,453	1,505,703
Deferrend tax liabilities	23	1,611,454	1,624,082
Total current debts		63,870,523	54,670,045
Total Debts		77,592,570	69,468,774
Total equity and debts		150,853,196	142,395,837

Cenusa Gheorghe
General ManagerTatar Dana
Financial Manager

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

	Nota	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	61,347,810	58,055,404
Revenues from sales of goods		975	3,314
Other elements related to the turnover		4,083,638	2,687,861
Total revenues		65,432,423	60,746,579
Other revenues	16	956,635	2,530,720
Expenses			
Raw material costs and other expenses		(30,386,661)	(25,208,131)
Electricity and water costs		(1,998,100)	(2,410,621)
Commodity expenses		(301)	(3,167)
Employment charges	17	(20,676,402)	(21,886,228)
Transport costs	18	(2,769,858)	(2,880,656)
Other expenses related to revenues	19	(4,024,633)	(4,952,742)
Cost depreciaton charge	5	(3,734,264)	(3,794,360)
Financial costs , net	25	(624,771)	(730,411)
Ajustments related to cirrent assets depreciation ,net	8	-	-
Provision costs for risks and expenses, net	21	524,250	85,005
Other expenses	19	(491,261)	(125,919)
Total expenses		(64,182,001)	(61,907,230)
Pre-tax profit		2,207,057	1,370,069
Profit tax	20	(258,460)	(159,955)
Profit from continuous operations		1,948,597	1,210,114
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		1,948,597	1,210,114
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		1,948,597	1,210,114
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.09	0.05
Diluted outcome per share (lei per share)	24	0.09	0.05
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.09	0.05
Diluted outcome per share (lei per share)	24	0.09	0.05

Cenusa Gheorghe,
General ManagerTatar Dana ,
Financial Manager

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INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS

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

STATUS OF CHANGES IN 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						2,702,863	2,702,863
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result-current year			(2,099,548)			1,763,620	(335.928)
Other equity items			335.928		1,124,114	(1,124,114)	335.928
Established legal reserves				0		0	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,620)	0	1,124,114	3,342,369	2,702,863
Other elements result retained - correction of accounting errors	0	0	0	0		(370.482)	(370.482)
Other elements result retained - correction of accounting errors	0	0	0	0	0	(370.482)	(370.482)
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)
<i>Profit or loss account and other elements of the overall result</i>							
Balance on December 31, 2020	13,036,325	8,812,271	32,608,011	2,607,265	14,658,196	1,204,995	72,927,063

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

STATUS OF CHANGES IN 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, 2021	13,036,325	8,812,271	32,608,011	2,607,265	14,658,196	1,204,995	72,927,063
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						1,948,597	1,948,597
<i>4. Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result			(1,049,774)			1,049,774	0
Other equity items			167.964			(167.964)	0
Established legal reserves					1,202,863	(1,202,863)	0
Total profit or loss account and other elements of the overall result	0	0	(881.810)	0	1,202,863	1,627,544	1,948,597
Other items carried over - correction of accounting errors			0	0	0	(115.034)	(115.034)
Other result items carried forward	0	0	0	0	0	(115.034)	(115.034)
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 on June 30, 2021	13,036,325	8,812,271	31,726,201	2,607,265	15,861,059	1,217,505	73,260,626

STATEMENT OF CASH FLOWS

	30 Junie 2021	31 December, 2020
Pre - tax profit	1,948,597	2,702,863
Depreciation of fixed assets	3,734,264	7,542,004
Cash operational brut	5,682,861	10,244,867
Workong Capital Variation		
Variation receivables	8,916,012	(9,206,571)
Variation stocks	4,818,801	1,444,381
Variation in other current assents	381,238	443,219
Variation Income/Expenses in advances	195,494	(89,374)
Variation suppliers	8,439,590	(8,911,469)
Variation customer advances	(2,360,277)	1,856,494
Variation employees and assimilated	66,139	1,271,550
Net operating Cash	(2,483,232)	11,869,787
Cash flow dfrom net investment	933,460	958,789
Debts change		
Variation of short-term loans	(543,813)	(2,085,812)
Variation of long-term loans	0	(896,119)
Variation of associated debts	1,491,857	(925,767)
Variation of other liabilities	0	0
Variation of capitalluri	(2,945,011)	(3,691,325)
Cash flow from financing	(1,996,967)	(7,599,023)
Total chas variation between	(5,413,659)	3,311,975
Initial Cash	10,840,220	7,528,245
Net Cash at end of period	5,426,561	10,840,220

Cenusa Gheorghe
General ManagerTatar Dana
Financial Manager

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS
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NOTES ON 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 commercial companies and Law 297/2004 on the capital market, with subsequent additions and modifications. The company's registered office is in Bistrita, 4 Industriei Street, Bistrita Nasaud County, Romania.

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

The company's shares are listed on the Bucharest Stock Exchange, the regulated market, with the 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 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 equipment, subassemblies and components for power plants and environmental protection, equipment for earthmoving machinery, lifting and transport machinery, including their subassemblies, steel structures. Manufacture of armament and ammunition, road transport vehicles and military combat vehicles.

2. Basics of preparation

a. Declaration of conformity

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

- International Accounting Standard - Interim Financial Reporting;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on June 30, 2021 are read together with the financial statements prepared for December 31, 2020 according to the same financial reporting framework.

The financial statements as of June 30, 2021 are not audited.

3. Significant accounting policies

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

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

4. Management of significant risks

The Company's management considers that risk management must be carried out in a consistent methodological framework and that their management is an important component of the strategy on maximizing profitability, obtaining the 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:

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

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

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

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

(a) Market risk

Market risk is defined as the risk of recording a loss or not obtaining the expected profit, as a result of 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, as there is the possibility that the value of the costs for the fulfillment of the projects to be higher than the estimated value, thus the contracts will run at a loss.

In order to cover the price risk generated by the increase of the basic raw material, the metal, the company has included a protection clause, in the commercial contracts concluded with the clients, 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 and unexpected increase in the price of materials, the clause providing for the adjustment of the price of products according to the evolution of the price of raw materials was not sufficient and comprehensive to mitigate the accelerated growth of their price. a rigorous planning of the purchase of raw materials, so that the price at the time of purchase is in line with the price considered at the time of confirming the customer's order.

(ii) Interest rate risk

As of June 30, 2021, 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 expressed in foreign currency (69%) and the Company's financial liabilities are expressed in foreign currency (7.5%) and in the national currency (92.5%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

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

5. Tangible and intangible assets

On June 30, 2021 and December 31, 2020, tangible and intangible assets evolved as follows:

	R & D expenses	Intangible assets	Land	Buildings	Tech. install. & machinery	Other installations & furniture	Tangible assets in progress	Total	Advance payments Assets	Total fixed assets
	203	205	211	212	213	214	231		4093	
Balance on January 1, 2021	7.973	1,225,184	21,247,075	40,259,156	91,859,494	466.796	1,139,686	156,205,364	68.886	156,274,250
ACQUISITIONS	0	5.844	0	4.791	220.192	0	684.192	915.009	0	915.009
In-house production	0	0	0	0	0	0	27.054	27.054	0	27.054
Outflow	0	0	0	0	0	0	0	0	-8.603	-8.603
Outflow (scrapping)	0	0	0	0	-878.562	-23.450	0	-902.012	0	-902.012
Internal transfers	0	0	0	0	0	0	0	0	0	0
Balance on June 30, 2021	7.973	1,125,758	21,247,075	40,263,947	91,727,433	439.554	993.801	155,800,750	60.283	156,305,698
Accumulated depreciation										
Balance on January 1, 2021	0	656.741	0	14,134,616	60,257,029	257.128	0	73,305,514	0	75,305,514
Depreciation expense per year	0	64.774	0	1,305,788	2,351,613	12.089	0	3,734,264	0	3,734,264
Internal transfer	0	0	0	0	0	0	0	0	0	0
Cumulative depreciation of outflows	0	0	0	0	-878.562	-23.450	0	-902.012	0	-902.012
Balance on June 30, 2021	0	721.515	0	15,440,404	61,730,080	245.767	0	78,137,766	0	78,137,766

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

Balance on January 1, 2020	0	1,096,792	21,247,075	40,046,069	90,781,002	437.604	1,546,636	155,155,179	163.204	155,155,179
ACQUISITIONS	7.973	128.392	0	0	490.791	21.191	366.381	1,022,728	0	1,022,728
Domestic production	0	0	0	0	0	0	30.712	30.712	0	30.712
Outflows (scrapping)	0	0	0	0	-3.255	0	0	-3.255	-94.318	-97.573
Internal transfers	0	0	0	213.087	590.956	0	-804.043	0	0	0
Balance as of December 31, 2020	7.973	1,225,184	21,247,075	40,259,156	91,859,494	466.796	1,139,686	156,205,364	68.886	156,205,364
Accumulated depreciation										
Balance on January 1, 2020	0	489.038	0	11,523,215	55,520,175	234.004	0	67,766,432	0	67,766,432
Depreciation expense per year	0	167.703	0	2,611,401	4,739,776	23.124	0	7,542,004	0	7,542,004
Cumulative depreciation of outflows	0	0	0	0	-2.922	0	0	-2.922	0	-2.922
Balance on December 31, 2020	0	656.741	0	14,134,616	60,257,029	257.128	0	75,305,514	0	75,305,514
Net book value										
On June 30, 2021	7.973	509.513	21,247,075	24,823,543	29,471,044	197.579	1,850,922	78,107,649	60.283	78,167,932
On December 31, 2020	7.973	568.443	21,247,075	26,124,540	31,602,465	209.668	1,139,686	80,899,850	68.886	80,968,736

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

6. Financial assets available for sale

As of June 30, 2021 and December 31, 2020, Comelf SA no longer holds financial assets available for sale.

7. Inventories

As of June 30, 2021 and December 31, 2020, the inventories have the following balances:

	June 30, 2021	December 31, 2020
Raw materials	11,476,439	6,804,803
Auxiliary materials	60.443	37.967
Fuel	18.978	12.805
Inventory items	390.821	378.823
Other	264.758	158.240
Adjustments for depreciation of raw materials	-44.367	-44.367
Total	12,167,072	7,348,271

The company did not register any value adjustments for the depreciation of inventories as of June 30, 2021. No inventories were pledged for the contracted loans.

The accounting policies for the valuation of inventories are presented in Note 3.

8. Receivables from contracts with customers

As of June 30, 2021 and December 31, 2020, the receivables from commercial contracts are as follows:

	June 30, 2021	December 31, 2020
Invoiced Receivables from contracts with customers	36,617,729	25,983,018
Uninvoiced receivables from contracts with customers	17,606,761	16,965,183
Value adjustments regarding invoiced receivables from construction contracts	(2,215,838)	(2,215,838)
Total	52,008,652	40,732,363

Receivables from contracts with customers are presented net of advances received in the amount of 449,555 lei (31 December 2020: 2,809,832 lei).

9. Trade and other receivables

On June 30, 2021 and December 31, 2020, trade and other receivables are as follows:

	June 30, 2021	December 31, 2020
Receivables from sales of goods	-	-
VAT to be recovered	1,874,049	1,193,724
Down-payment made to domestic suppliers (excluding those for fixed assets)	214.228	205.266
Down-payments made to foreign suppliers	100.033	157.649
Down-payments made to fixed assets suppliers	60.283	68.886
Different debtors	254.933	267.017
Other receivables	1,650,723	1,693,578
Value adjustments	-1,010,987	-1,010,987
Total	3,143,262	2,575,133

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.

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

10. Impairment adjustments for current assets

The evolution of value adjustments on the depreciation of current assets in 2021 was as follows:

	Balance on January 1, 2021	increases	Decreases	Balance on June 30, 2021
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 representing 100% of the value of a receivable older than 1 year, which 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 receivables (provisions of guarantees of good execution);

The reasons why the entity considered current and fixed assets as impaired are mainly related to receipts and / or non-compliances in discussion with customers.

11. Cash and cash equivalents

As of June 30, 2021 and December 31, 2020, cash and cash equivalents are as follows:

	June 30, 2021	December 31, 2020
Amounts available in bank accounts in local currency	3,170,397	3,992,814
Amounts available in bank accounts in foreign currency	2,239,687	6,833,694
Cash	14.838	13.712
Other amounts available	1.639	-
Total	5,426,561	10,840,220

The current accounts opened with the 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 cash management through REB and the cash flow, prepared on the whole company and for each entity separately. The company manages liquidity risk by maintaining adequate reserve amounts, by working capital credit limit and by daily monitoring of cash flows.

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NOTES ON THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

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

On June 30, 2021, no changes were made to the value of the share capital (13,036,325.34 LEI) and to the number of shares (22,476,423 shares).

On June 30, 2021 and December 31, 2020, the shareholding structure for the *company* is:

	June 30, 2021			December 31, 2020		
	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:

	June 30, 2021	December 31, 2020
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

The company manages its capital in order to ensure the continuity of the activity in financial equilibrium. The capital structure for the next period in 2021 remains unchanged and no important changes are foreseen regarding the proportion of the capital in total assets.

(a) Legal reserves

According to the legal requirements, the Company has legal reserves in the amount of 5% of the gross profit registered according to IFRS at the reporting date, 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.

(b) Revaluation reserves

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

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(c.) Dividends

During 2021, 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, 2020. The company distributed dividends in the amount of 1,500,000 lei (representing 0.0667 lei / share). The company paid until June 30, 2021 to the shareholders the amount of 8,143 lei representing dividends distributed from previous years. As of June 30, 2021, the balance of payment dividends is 2,668,456 lei

13. Loans**a) Credit line**

On June 30, 2021, 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 6,500,000. The loan was accessed to provide working capital to cover the financial needs of the Company's current needs and potential commitments in the form of letters of guarantee with a maximum maturity of 12 months.

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

- for the amounts in euro used from the credit line, the annual interest rate is EURIBOR / LIBOR / ROBOR 1M plus a margin of 0.90% per year;

As of June 30, 2021, the Company registers a balance of the credit line in the amount of 32,020,300 lei (December 31, 2020: 32,564,113 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.

The 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 CLOOS welding system, on lease. Leasing contract no. 120882 was concluded on 22.05.2019, BRD Sogelease financier, financed value 179,660.70 eur, payable in 60 installments monthly.

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

- Land with an area of 13,460 sqm and buildings with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings 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 buildings 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.

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14. Trade and other payables

As of June 30, 2021 and December 31, 2020, trade payables and other liabilities are as follows:

	June 30, 2021	December 31, 2020
Trade payables	20,651,826	12,212,236
Debts to budgets	2,926,080	2,627,261
Debts to staff	2,366,538	2,323,553
Silver dividend	2,668,456	1,176,599
Other loans and similar debts	77.481	75.398
Total	28,690,381	18,415,047

The commercial debts in the amount of 20,651,826 lei (December 31, 2020: 12,212,236 lei) are in accordance with the contracts concluded with the suppliers.

As of June 30, 2021 and December 31, 2020, budget liabilities mainly include contributions related to salaries.

15. Revenues from contracts with customers

	June 30, 2021	June 30, 2020
Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	60,680,200	60,746,644
Revenues from contracts with clients, recognized by execution phases, estimated at the level of the receivable income entered in contracts, proportional to the actual expenditure related to the planned expenditure, for the same execution phase (balance 711500)	667.610	-2,691,240
TOTAL	61,347,810	58,055,404

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 obligation of execution, thus recognizing revenues in time, at each phase of execution. The company manufactures goods based on designs, only at the request of customers, based on firm orders.

The evaluation of the revenues from the contracts with the clients, on execution phases, is made taking into account the physical stage of manufacturing 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.

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*(All amounts are expressed in LEI, unless otherwise indicated)***16a. Other revenue related to turnover**

The position includes:

	June 30, 2021	June 30, 2020
Rental income	10.444	5.612
Income from various activities	1,632,041	1,341,549
Revenues from the sale of residual products	1,794,445	583.408
Revenue from services rendered	646.708	757.292
Total	4,083,638	2,687,861

16b. Other incomes

The position includes:

	June 30, 2021	June 30, 2020
Income from investment grants	805.727	816.849
Income from the production of tangible assets	27.055	29,507
Income from operating subsidies	25.138	1,434,410
Income from disposed of fixed assets	75.776	0
Other incomes	22.939	249.954
Total	956.635	2,530,720

17. Staff costs

The average number of employees on June 30, 2021 and June 30, 2020 was as follows:

	June 30, 2021	%	June 30, 2020	%
Direct productive staff	414	63%	418	62%
Indirect staff and TESA	238	37%	257	38%
Total	652	100%	675	100%

Staff costs were as follows:

	June 30, 2021	June 30, 2020
Staff salary expenses	18,663,366	20,052,838
Expenses with meal vouchers	1,198,790	1,102,500
Expenses regarding insurance and social protection	814.246	730.890
Total	20,676,402	21,886,228

The amounts granted to key management staff, board members and directors were as follows (gross amounts) and are included in the amounts presented above. Staff expenses are gross and highlighted.

	June 30, 2021	June 30, 2020
Salary expenses - directors	1,040,096	988.864
CA allowance	125.780	123.720
Total	1,165,876	1,112,584

The company did not grant loans or advances to the members of the administrative, management or supervisory bodies on June 30, 2021 and June 30, 2020.

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As of *June 30, 2021*, The management of COMELF SA had the following components:

- Members of the Company's Board of Directors:

Savu Constantin	chairman
Babici Emanuel	member
Mustața Costică	member
Maistru Ion	member
Pârvan Cristian	member

- Members of the Executive Management of the Company:

Cenușă Gheorghe	General Manager
Pop Mircea	Deputy General Commercial Manager
Oprea Paul	Deputy General Technical and Production Manager
Tatar Dana	Financial Manager
Șerban Marcela	Sourcing Manager
Jurje Valeriu	Quality Manager
Barbuceanu Florentin	Factory Executive Manager
Viski Vasile	Factory Executive Manager
Câmpian Cosmin	Factory Executive Manager

As of *June 30, 2020*, The management of COMELF SA had the following components:

- Members of the Company's Board of Directors:

Savu Constantin	chairman
Babici Emanuel	member
Mustața Costică	member
Maistru Ion	member
Pârvan Cristian	member

- Members of the Executive Management of the Company:

Cenușă Gheorghe	General Manager
Pop Mircea	Deputy General Commercial Manager
Oprea Paul	Deputy General Technical and Production Manager
Tatar Dana	Financial Manager
Șerban Marcela	Sourcing Manager
Marica Ioan	Quality Manager
Barbuceanu Florentin	Factory Executive Manager
Viski Vasile	Factory Executive Manager
Câmpian Cosmin	Factory Executive Manager

18. Shipping costs.

This position includes:

	June 30, 2021	June 30, 2020
Expenses for the transport of raw materials	509.197	478.056
Expenses for transporting finished products	1,918,793	2,141,459
Expenses for transporting employees	341.868	261.141
Other transport costs	-	-
Total	2,769,858	2,880,656

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*(All amounts are expressed in LEI, unless otherwise indicated)***19a. Other expenses related to income**

	June 30, 2021	June 30, 2020
Maintenance and repair expenses	581.409	487.865
Rent expenses	177.670	185.763
Insurance expenses	177.688	224.039
Expenses with personnel training	65.261	29.799
Outsourcing expenses	666.110	1,232,116
Expenses regarding commissions and fees	447.262	901.686
Business entertainment expenses	13.506	14.128
Travel, secondment and transfer expenses	6.005	31.236
Postal charges and telecommunications charges	178.376	185.364
Expenses with banking and similar services	55.060	54.699
Other expenses with services provided by third parties	1,090,249	1,095,142
Expenses with other taxes and fees	566.037	510.905
Total	4,024,633	4,952,742

19b. Other expenses

	June 30, 2021	June 30, 2020
Total	491.260	125.919

The item "Outsourcing Expenses" includes direct expenses related to the production process (processing, services).

20. Income tax

The Company's current profit tax as of June 30, 2021 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of June 30, 2021 and June 30, 2020 is detailed as follows:

	June 30, 2020	June 30, 2020
Current income tax expense	258.460	159.955
Total	258.460	159.955

21. Provisions for risks and expenses

As of June 30, 2021, the Company has registered provisions for risks and expenses in the amount of 1,100,960 lei (1,625,210 lei as of December 31, 2020). Their overall situation is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance on January 01, 2020	0	119.507	0	1,505,703	1,625,210
Established during the interval	0	0		0	0
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0

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Resumed during the interval	0	0	0	(524.250)	(524.250)
Balance as of June 30, 2020	0	119.507	0	981.453	1,100,960

Long-term	0	119.507	0	0	119.507
Short term	0	0	0	981.453	981.453

- **Pension provisions in the amount of 119,507 lei (December 31, 2020: 119.507 lei).**

According to the collective labor contract, the Company offers cash benefits depending on the length of service upon 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 by the average turnover rate of the Company's staff in the last 5 years, respectively 19.33%.

- **Other provisions in the amount of 981,453 lei (December 31, 2020: 1,505,703 lei) include:**

- The provision related to the redemption of pension insurance policies for the amount of 947,873 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 33,580 includes a provision for potential commercial penalties, according to commercial contracts.

22. Debts regarding deferred tax

Deferred tax liabilities as of June 30, 2021 and June 30, 2020 are generated by the items detailed in the following table:

	June 30, 2021	June 30, 2020
Receivables related to deferred tax	-	-
Deferred tax liabilities on reinvested earnings	(1,049,774)	(1,049,774)
Deferred tax liabilities related to revaluation differences of property, plant and equipment.	(8,216,143)	(8,552,071)
Deferred tax, net	(9,265,917)	(9,601,845)

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 / 23.03.2003 whose object is the granting of non-reimbursable financial aid from the state budget through the "Program to increase the competitiveness of industrial products" managed by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing wind turbines, turbines and power plants compressors, 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 aims of granting state aid were represented by modernizing existing products, making new products, increasing productivity, reducing energy consumption, reducing material consumption, optimizing decision making, environmental protection, quality assurance, objectives achieved by the Company.

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On June 30, 2021, the Company registered in revenue the amount of 35,203 lei (June 30, 2020: 35,203 lei), representing the amortization of subsidies.

2) The company received a government subsidy 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 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 27,635,774 lei, of which the eligible value 16,848,613 lei, the outstanding amount being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

On June 30, 2021, the Company re-registered in revenue the amount of 728,239 lei (June 30, 2020: 734,552 lei), representing the amortization of subsidies.

3) The company signed in 2018 (03.05.2018) a financing contract within POIM, aiming to obtain the granting of a non-reimbursable financing by MA POIM for the implementation of the project "Application of Smart Metering utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing amounts to 900,988.68 lei. In October 2019, the "Utility and Production Consumption Monitoring System and Energy Management Software License" was put into operation.

On June 30, 2021, the Company re-registered in revenue the amount of 42,285 lei (June 30, 2020: 42,285 lei), representing the amortization of subsidies.

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:

	June 30, 2021	June 30, 2020
Profit attributable to ordinary shareholders	1,948,597	1,210,114
Weighted average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.09	0.05

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:

	June 30, 2020	June 30, 2020
Interest income	19.800	21.846
Income from exchange rate differences	57.561	407.104
Other items of financial income	479.477	295.085
Total financial income	556.838	724.035
Interest expenses	(157.068)	(147.105)
Expenses with exchange rate differences	(638.153)	(853.895)
Other items of financial expenditure, of which:	(386.388)	(453.446)
Total financial expenses	(1,181,609)	(1,454,446)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on June 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.

they 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 file of transfer prices 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:

The transactions with the companies within the Group are carried out based on framework commercial contracts in which the rights and obligations of each party are stipulated, specifying the type of contract:

- commission contract, consulting contract, electricity acquisition 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 fulfillment of which is monitored, following the full observance of the contact clauses.

Affiliated party	Activity	Description of the type of connection
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Sale of products Brokerage services	
Uzinsider General Contractor SA	Acquisition of electricity Collaborations on turnkey jobs	
Promex SA	Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Cooperation for Subassembly manufacturing	

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

a) Receivables and payables from related parties

As of June 30, 2021 and June 30, 2020, the receivables from the affiliated parties are as follows:

Receivables from	June 30, 2021	June 30, 2020
Uzinsider Techo SA	9,741,605	5,894,699
Uzinsider General Contractor SA	1,100,080	237.418
Promex SA	0	1.425
24 Ianuarie SA	0	736
Total	10,841,685	6,134,278

As of June 30, 2021 and June 30, 2020, the debts to the affiliated parties are as follows:

Debts to	June 30, 2021	June 30, 2020
Uzinsider SA	162.068	162.068
Uzinsider Techo SA	836.751	716.339
Uzinsider General Contractor SA	692.675	471.217
Promex SA	3	0
24 Ianuarie SA	0	0
Total	1,691,497	1,349,624

b) Related 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:	June 30, 2021	June 30, 2020
Uzinsider Techo SA	9,318,691	11,393,852
Uzinsider General Contractor SA	1,042,028	3.690
Promex SA	0	1.198
24 Ianuarie SA	0	619
Total	10,370,523	11,399,359

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

Acquisitions in the year ended at:	June 30, 2021	June 30, 2020
Uzinsider SA	408.576	408.576
Uzinsider Techo SA	488.698	961.480
Uzinsider General Contractor SA	2,801,613	2,458,369
Promex SA	0	103.339
24 Ianuarie SA	0	8.526
Total	3,698,887	3,940,290

As there were no delays related to contract deadlines, no impairment losses related to these transactions were recognized during the year.

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The general terms and conditions provided in the relations concluded with the affiliated parties are the following: payment terms 60-150 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 2021 are limited to in-house resources of financing and are estimated at 1.3 million. Euro.

29. Operational segment reporting

The production activity of the Company takes place within the factories organized as profit centers:

- Stainless Steel Products Factory (“FPI”)
- Earthmoving Machinery and Equipment, Filters and Electrofilters 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 legal proceedings.

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 plants, components for freight wagons, components for asphalt cutters, components for excavators, engine housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, booms, frames), mobile presses for compacting car bodies, fixed presses and u components compactors for compacting scrap metal, telescopic cranes, subassemblies for heavy dump trucks.

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Reports by operating segments

	FPI		FUET		Terra		Center		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
External income of the segment	19,397,129	20,488,495	30,593,826	29,187,249	14,076,056	11,614,009	2,322,047	1,987,547	66,389,058	63,277,299
Total segment revenues	19,397,129	20,488,495	30,593,826	29,187,249	14,076,056	11,614,009	2,322,047	1,987,547	66,389,058	63,277,299
Net financial costs	-154.414	-245.571	-216.659	-223.805	-118.551	-115.659	-135.147	-145.376	-624.771	-730.411
Depreciation and amortization	904.981	904.160	1,487,289	1,515,975	988.421	994.784	353.573	379.441	3,734,264	3,794,360
Income tax expense	0	0	-233.694	-159.955	0	0	-24.766	0	-258.460	-159.955
The net result for the period	-646.518	-341.913	1,238,344	1,950,386	-437.823	-988.248	1,794,594	589.889	1,948,597	1,210,114
Segment assets	42,520,922	41,963,065	58,836,511	54,878,834	28,741,711	29,498,006	20,754,052	21,885,927	150,853,196	148,225,832
Investments in associated entities		0		0		0		0		0
Segment debts	21,048,887	17,167,015	26,666,767	26,462,226	15,057,552	15,206,347	14,819,364	17,596,843	77,592,570	76,432,431

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

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

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In the total operational revenues of the segment in the amount of 66,389,058 lei (as of June 30, 2021) and 63,277,299 lei (as of June 30, 2020) the major types of products and services are the following:

	June 30, 2021	June 30, 2020
Equipment for energy industry and components	43,316,937	31,638,650
Equipment for earthworks and components	15,420,072	21,887,618
Lifting and handling equipment	4,160,629	6,475,864
Technological equipment (metallurgy)	373.335	613.791
Manufacture of rolling stock	2,852,325	2,322,277
Other types	265.760	339.100
TOTAL	66,389,058	63,277,299

The main customers that have a share in turnover of more than 10% related revenues and the business segment where these revenues are included are the following: KOMATSU 19%, GENERAL ELECTRIC (including indirect sales through Uzinsider Techno) 15.44%, AAF 11.04% and SIEMENS 10.09%.

The financial statements were approved by the Board of Directors on 07/29/2021.

30. Management statement

We confirm that, to our knowledge, the unaudited financial statements provide a true and fair view of the company's assets, liabilities, financial position and results in accordance with applicable accounting standards.

Cenusa Gheorghe
General Manager

Tatar Dana
Financial Manager