MECANICA CEAHLĂU S.A.

INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 30 SEPTEMBER 2018

DRAFTED ACCORDING TO ORDER 2844 FROM 2016 FOR APPROVAL OF THE ACCOUNTING REGULATIONS ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Individual Financial Statements concluded on 30 SEPTEMBER 2018 were not audited

CONTENTS:

INDIVIDUAL FINANCIAL STATEMENTS:

	Note	30 September 2018	01 January 2018
Assets			
Fixed assets			
Tangible assets	**12**	**21.949.775**	**22.527.105**
Lands and design of lands		11.177.454	11.177.454
Constructions		5.077.446	5.368.228
Technical installations and means of transport		5.234.594	5.603.028
Furniture, office equipment		14.745	21.524
Tangible assets under execution		445.536	356.871
Intangible assets	**13**	**146.802**	**140.392**
Other intangible assets		135.773	110.609
Concessions, patents, licenses, trademarks, rights and similar assets		11.029	13.097
Intangible assets under execution		-	16.686
Real Estate Investments	**14**	**1.608.408**	**1.608.409**
Total fixed assets		**23.704.984**	**24.275.906**
Current assets			
Stocks	**15**	20.988.551	15.908.598
Commercial claims and other assets	**16**	14.241.102	14.813.015
Expenses registered in advance		277.746	215.765
Financial assets at fair value (fond units)		744.659	4.091.943
Cash and cash equivalents	**17**	2.522.037	4.819.739
Total current assets		**38.774.095**	**39.849.060**
TOTAL ASSETS		**62.479.079**	**64.124.966**
Equities			
Share capital	**18**	23.990.846	23.990.846
Reserves	**18**	19.485.629	18.755.289
Result of the exercise	**19**	1.750.212	(1.589.468)
Reported result		7.198.462	9.518.271
Other elements of equity		(2.503.342)	(2.516.256)
Total equities		**49.921.808**	**48.158.682**

	Note	30 September 2018	01 January 2018
Debts			
Long-term debts			
Long term loans	**20**	1.465.551	1.600.671
Provisions for pensions:	**22**	221.215	296.913
Debts on deferred tax	**11**	1.745.217	1.462.767
Total long-term debts		**3.431.983**	**3.360.351**
Current debts			
Short term loans	**20**	424.735	454.858
Commercial debts and other debts	**23**	7.399.073	10.254.856
Incomes registered in advance	**21**	-	1.377.762
Provisions	**22**	1.301.479	518.457
Total current debts		**9.125.287**	**12.605.933**
Total debts:		**12.557.271**	**15.966.284**
Total equities and debts		**62.479.079**	**64.124.966**

The preliminary financial statements were approved by the Board of Directors on 05.11.2018 and were signed on its behalf by:

Molesag Ion Sorin,
General manager

Chirila Oana,
Financial manager

Continues activities	**Note**	**30 September 2018**	**30 September 2017**
Incomes	5	26.595.789	33.438.712
Other incomes	6	79.901	105.585
Stock variation		3.216.159	217.930
Total operational incomes		**29.891.849**	**33.762.227**
Expenses with stocks (including cost of the goods sold)		(16.100.025)	(15.785.443)
Expenses with utilities		(759.558)	(520.773)
Expenses with salaries, contributions and other benefits	8	(4.830.464)	(5.516.068)
Expenses with amortization and impairment of assets	12,13	(1.079.448)	(1.390.211)
Gains/losses from leasing of fixed assets		57.778	0
Gains/losses from real estate investments	14	-	0
Adjustment of the value of current assets	15,16	191.308	610
Adjustments on provisions	22	(707.324)	230.678
Other expenses	7	(4.388.830)	(6.998.918)
Total operational expenses		**(27.616.562)**	**(29.980.125)**
Result of the operational activities		**2.275.288**	**3.782.102**
Financial income		89.026	128.480
Financial expenses		(255.125)	(622.160)
Financial net result	**9**	**(166.099)**	**(493.680)**
Result before taxes		**2.109.188**	**3.288.422**
Expenses with current income tax	10	(63.613)	(415.051)
Expenses with deferred income tax	10	(617.145)	(150.210)
Gains associated to the deferred income tax	10	321.781	91.710
Result from Continues Activities		**1.750.212**	**2.814.871**

	Note	30 September 2018	30 September 2017
Continues activities	**19**		
Other elements of the Global Result		**-**	**-**
Reserves from the reassessment of growths		-	-
Capital deferred tax		(12.914)	-
Reserves from the reassessment of decreases		-	(82.621)
Other elements of the global results, after tax		**(12.914)**	**(82.621)**
Total global result of the period		**1.737.298**	**2.732.250**
Attributable profit/loss		**1.750.212**	**2.814.871**
Result per base share		0,0073	0,0117

The individual financial statements were approved by the Board of Directors on 05.11.2018 and were signed on its behalf by:

Molesag Ion Sorin,
General manager

Chirila Oana,
Financial manager

Attributable to the shareholders of the Company

	Capital Capital	**Legal reserves**	**Reserves from reassessment**	**Other reserves**	**Reported result**	**Current result**	**Other elements of equity**	**Total own equities**
Balance on January 1, 2018	**23.990.846**	**2.226.856**	**11.453.460**	**5.074.972**	**9.518.272**	**(1.589.468)**	**(2.516.256)**	**48.158.682**
Transfer resulted year 2018 to the reported result	-	-	-	-	(1.589.468)	1.589.468	-	-
Transfer reported result to other reserves				811.052	(811.052)			
Net profit/loss of the year	-	-	-	-	-	1.750.212	-	1.750.212
Other elements of the Global Result								
Capital deferred tax	-	-	-	-	-	-	12.914	12.914
Transfer to the result reported associated to the surplus achieved from reserves from reassessment	-		(80.710)	-	80.710	-	-	-
Balance on 30 September 2018	**23.990.846**	**2.226.856**	**11.372.750**	**5.886.024**	**7.198.462**	**1.750.212**	**(2.503.342)**	**49.921.808**

The individual financial statements were approved by the Board of Directors on 05.11.2018 and were signed on its behalf by:

Molesag Ion Sorin,
General manager

Chirila Oana,
Financial manager

For the financial year ended on	**Nota**	**30 September 2018**	**30 September 2017**
Cash flows from operating activities			
Cash collections from clients		31.638.539	33.226.617
Payments to suppliers and employees		(36.336.651)	30.657.179
Cash generated from operating activities		**(4.698.112)**	**2.569.438**
Paid interest		(32.066)	(19.948)
Paid corporate tax		(347.744)	(280.561)
Net cash generated from operations		**(5.077.922)**	**2.268.929**
Cash flows from investment activities			
Collected interest		234.674	7.627
Paid dividends		-	(1.126.455)
Proceeds from the sale of tangible assets		150.732	-
Procurement of tangible assets		(337.476)	(3.686.042)
Redemption of fund units		3.140.048	-
Net cash generated from investments		**3.187.979**	**(4.804.870)**
Cash flows from financing activities			
Collections from long/short-term loans		-	1.917.789
Reimbursement of loans		(210.015)	(89.163)
Payment of debts from financial leasing		(169.245)	(114.319)
Net cash (used in) financing activities		**(379.261)**	**(1.803.470)**
Net decrease of cash and cash equivalents		**(2.269.204)**	**(732.471)**
Cash and cash equivalents of 1 January		4.819.739	5.003.004
Effect of exchange variations upon cash		(28.498)	(24.346)
Cash and cash equivalents on September 30		**2.522.037**	**4.246.187**

The individual financial statements were approved by the Board of Directors on 05.11.2018 and were signed on its behalf by:

Molesag Ion Sorin,
General manager

Chirila Oana,
Financial manager

1. ENTITY THAT REPORTS

Mecanica Ceahlău SA is a company headquartered in Romania. The company has its registered office in Piatra Neamț, strada Dumbravei, nr. 6, Neamț county, Romania.

The individual financial statements of the Company were drafted according to the International Financial Reporting Standards ("IFRS") in force on the date of the reporting of the Company, respectively 30 SEPTEMBER 2018 and according to the provisions of the Order of the Ministry of Public Finances no. 2844/2016, for the approval of the Accounting Regulations according to the International Financial Reporting Standards, applicable to the commercial companies whose securities are admitted to trading on a regulated market, as further amended and supplemented. These provisions are according to the requirements of the International Financial Reporting Standards, adopted by the European Union.

The main activity of the company is the manufacture of the machineries and equipment for agriculture and logging,

2. BASIS OF DRAFTING

a. Declaration of Conformity

The individual financial statements were drafted according to:

- International Financial Reporting Standards (IFRS), adopted by the European Union;
- Accounting Law 82 from 1991, republished and updated;
- Order of the Ministry of Public Finances no. 2844/2016 for the approval of the Accounting Regulations according to the International Financing Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market.

The individual financial statements were authorized for issuance by the Board of Directors on 05.11.2018.

b. Basis of the assessment

The individual financial statements were drafted according to the historical cost, excepting building that are held at the reassessed value and of real estate investments that are held at fair value.

These individual financial statements were drafted for general purposes, for the use of persons that know the provisions of the International Financing Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, approved by the Order of the Ministry of Public Finances 2844/2016.

In consequence, these individual financial statements shall not be considered as the unique source of information by a potential investor or by another user,

c. Functional and presentation currency

These individual financial statements are presented in RON, this being the functional currency of the Company as well. All financial information is presented in RON, rounded, without decimals. Transactions in foreign currencies are expressed in RON, applying the exchange rate at the date of transaction. Assets and monetary debts expressed in foreign currency at the end of the period are expressed in RON at the exchange rate of that date. Gains and losses from differences of the exchange rate, achieved or not achieved, are registered in the Individual Statement of the global result of that respective period.

BASIS OF DRAFTING (cont.)

c. Functional and presentation currency (cont.)

Exchange rates on 30 September 2018 and 1 January 2018 are as follows:

	30 September 2018	30 January 2018
EUR	4,6637	4,6597
USD	4,0210	3,8915

Non-monetary assets and debts are expressed in the foreign currency that are assessed at fair value are converted in the functional currency at the exchange rate of the date in which the fair value was determined. The non-monetary elements that are assessed at historical cost in a foreign currency are converted using the exchange rate of the date in which the transaction was made.

d. Use of estimations and professional reasoning

Drafting of the individual financial statements according to the Order no. 2844/2016, as further amended, proposes the use by the management of certain professional reasonings, estimations and hypotheses that affect the application of the accounting policies and the reported value of the assets, debts, incomes and expenses. The effective results may differ from the estimated values.

Estimations and hypotheses that are the base of these are periodically reviewed. The reviews of the accounting estimations are recognized in the period in which the estimation was reviewed and in the future affected periods.

Information on the uncertainties due to hypotheses and estimations that involve a significant risk regarding the need of certain adjustments in the current and previous financial year are included in the following notes:

- Note 8 - Expenses with salaries and social contributions;
- Note 11 - Receivables and debts regarding deferred tax;
- Note 22 - Provisions;
- Note 23 - Commercial debts and other debts;
- Note 25 - Commitments and contingents

The estimations and assumptions associated to these estimations are based on the historical experience, as well as other factors considered reasonable in the context of these estimations. The results of these estimations and hypotheses form the base of judgments regarding the accounting values of assets and debts that may not be obtained from other sources of information.
Estimations and critical judgments that the management made during the process of applying the accounting policies and which have a significant impact upon the values recognized in the financial statements are presented next.

Not taken leaves

The management estimates at the end of each reporting period the value of not taken leaves by the employees of the Company,

Receivables and debts relating to the deferred tax

Assets and debts of deferred tax are determined based on the temporary differences between the accounting value of the assets and debts from the financial statements and their fiscal value. Recognition of assets on deferred tax shall be made to the extent in which it is probable that a taxable benefit, upon which these deductible temporary differences could be imputed, is available,

Receivables and invoices to be drafted

The management estimates at the end of each reporting period the probability of collection of receivables and constitutes value adjustments for the part considered unrecoverable. Adjustments are made based on the specific analysis of the invoices in balance,

Also, the management estimates the value of the invoices that are to be drafted based on the existent contracts.

2. BASIS OF DRAFTING (cont.)

d. Use of estimations and professional reasoning (cont.)

Provisions and contingent debts

The management makes estimations and uses professional reasonings in the process of measurement and recognition of provisions, when determining the exposure to contingent debts resulted from disputes in which the Company is involved or from other disputes that are the object of negotiation, arbitration or regulation. The professional reasoning is used to determine the probability that a certain dispute will be lost and a debt will appear and to quantify the value of this debt, Following the uncertainty involved in this assessment process, the actual debts may differ from the provisions initially estimated.

Lifetime of the tangible assets

The management reviews the adequacy of the useful lifetime of the tangible assets at the end of each reporting period,

Invoices to be received

The value of the invoices to be received is estimated by the management based on the contracts concluded with the suppliers and by the comparative analysis of these with the previous periods.

Deferred tax

Assets and debts of deferred tax are determined based on the temporary differences between the accounting value of the assets and debts from the financial statements and their fiscal value. Recognition of assets on deferred tax shall be made to the extent in which it is probable that a taxable benefit, upon which these deductible temporary differences could be imputed, is available,

Provisions and contingent debts

The management makes estimations and uses professional reasonings in the process of measurement and recognition of provisions, when determining the exposure to contingent debts resulted from disputes in which the Company is involved or from other disputes that are the object of negotiation, arbitration or regulation. The professional reasoning is used to determine the probability that a certain dispute will be lost and a debt will appear and to quantify the value of this debt. Following the uncertainty involved in this assessment process, the actual debts may differ from the provisions initially estimated.

Estimations and critical judgments that the management made during the process of applying the accounting policies and which have a significant impact upon the values recognized in the financial statements are presented next.

Estimations and hypotheses that are the base of these are periodically reviewed. The reviews of the accounting estimations are recognized in the period in which the estimations are reviewed, if the review affects only that period, as well as in the future affected periods.

e. Applicable accounting policies

Standards and interpretations in force in the current period

The following amendments of the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are valid for the current reporting period:

- **Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Presentation of information on the interests in other entities" and IAS 28 "Investments in affiliated entities and joint ventures" –** Investment companies: application of consolidation exception (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments la IFRS 11 "Joint Ventures"** –bookkeeping method of interests in jointly controlled entities "Joint Ventures" – adopted by EU on November 24, 2015 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments to IAS 1 "Presentation of Financial Statements"** – initiative regarding the presentation requirements – adopted by EU on 18th of December 2015 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments to IAS 16 "Tangible assets" and IAS 38 "Intangible assets"** – Clarification regarding the acceptable amortization methods – adopted by EU on 2nd of December 2015 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments to IAS 16 "Tangible assets" and IAS 41 "Agriculture"** – Reproduction plants – adopted by EU on November 23, 2015 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments to IAS 19 "Employee Benefits"** – plans of defined benefits: contributions of employees, adopted by EU on 17th of December 2014 (applicable for the yearly periods of time starting on or after February 1, 2015);
- **Amendments to IAS 27 "Individual financial statements" –** equity method within the individual financial statements – adopted by EU on December 18, 2015 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments of different standards "IFRS Improvements (2011-2013 cycle)"** resulting from the yearly project for IFRS improvement (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) with the main purpose of eliminating the inconsistencies and clarifying some formulations – adopted by EU on 18th of December 2014 (applicable for the yearly periods of time starting on or after January 1, 2016);
- **Amendments to various standards "IFRS Improvements (2012-2014 cycle)"** resulting from the yearly project for IFRS improvement (IFRS 5, IFRS 7, IAS 19 and IAS 34) with the main purpose of eliminating the inconsistencies and clarifying some formulations – adopted by EU on 15th of December 2015 (applicable for the yearly periods of time starting on or after January 1, 2016),

2. BASIS OF DRAFTING (cont.)

e. Applicable accounting policies (cont.)

The adoption of these completions to the existing standards did not change the accountancy policies of the Company.

Standards and amendments to existent standards issued by IASB, which are not yet in force

Standards and interpretations issued by IASB, adopted by EU, which are not yet in force

At the date of reporting of these financial statements, the following standards and amendments to the standards issued by IASB and adopted by EU are not yet in force:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on November 22, 2016 (applicable for annual periods of time starting on or after January 1, 2018).

- **IFRS 15 "Income from contracts concluded with customers**", as further amended, and amendments to IFRS 15 "Effective date of IFRS 15" – adopted by the EU on September 22, 2016 (applicable for annual periods of time starting on or after January 1, 2018)

The company has chosen not to adopt these new standards and amendments to the existent standards before the effective dates of entering into force. The company anticipates that the adoption of these standards and amendments to the existent standards will not have a significant impact upon the financial statements of the Company in the initial application period.

2. BASIS OF DRAFTING (cont.)

e. Applicable accounting policies (cont.)

Standarde si interpretări emise de IASB dar care nu au fost încă adoptate de UE

Standards and interpretations issued by IASB, but not yet adopted by EU

Currently, IFRS as adopted by EU do not significantly differ by the regulations adopted by IASB, excepting the following standards, amendments and interpretations, whose applications was not yet approved by EU until the date of publishing these financial statements (date of entry into force mentioned below are for all IFRS standards):

- **IFRS 14 "Deferring account for regulated entities"** (applicable for the yearly periods of time starting on or after January 1, 2016) – the European Commission decided not to initiate the process of adopting this interim standard, but to wait for the issuance of the final standard;

- **IFRS 16 „Leasing"** (applicable for the yearly periods of time starting on or after January 1, 2019);

- **Amendments to IFRS 2 "Payment based on shares"** – Classification and assessment of transactions based on shares (applicable for annual periods starting on or after January 1, 2018), adoption is still on hold for the second half of 2017.

- **Amendments to IFRS 4 "Insurance contracts"** – The application of IFRS 9 Financial Instruments with IFRS 4 Insurance contracts (applicable for annual periods starting on or after January 1, 2018 or when IFRS 9 – "Financial instruments" is applied for the first time), adoption is still waited in 2019.

- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in affiliated entities and joint ventures"-** Sale of or contribution with assets between an investor and affiliated entities or its joint ventures and the subsequent amendments (the date of entering into force was postponed for an indefinite period of time, until completing the research project regarding the equity method).

- **IFRS 15 "Income from contracts concluded with customers" –** Clarifications of IFRS 15 Income from contracts concluded with customers (applicable for annual periods starting on or after January 1, 2018).

- **Amendments to IAS 7 "Cash flow statement" –** initiative on presentation requirements (applicable for annual periods starting on or after 1 January 2018).

- **Amendments to IAS 12 "Profit tax"** – recognition of receivables on deferred tax from unachieved losses (applicable for annual periods starting on or after 1 January 2018).

- **Amendments to IAS 40 "Real estate investments"** – transfer of real estate investments (applicable for annual periods starting on or after January 1, 2018).

2. BASIS OF DRAFTING (cont.)

e. Applicable accounting policies (cont.)

- **Amendments to various standards "Improvements of IFRS (cycle 2014-2016)",** which result from the annual improvement of IFRS project (IFRS 1, IFRS 12 and IAS 28), with the main purpose of eliminating inconsistencies and of clarifying certain formulations (amendments to IFRS 12 are applicable for annual periods starting on or after January 1, 2018, and amendments to IFRS 1 and IAS 18 are applicable for annual periods starting on or after January 1, 2018).

- **IFRIC 22 "Trading in foreign currency and advances"** (applicable for annual periods starting on or after January 1, 2018).

The company anticipates that the adoption of these standards and amendments to the existent standards will not have a significant impact upon the financial statements of the Company in the initial application period.

The coverage accounting against risks for a portfolio of financial assets and liabilities whose principles were not adopted by the EU remains unregulated.
According to the estimations of the Company, the use of the coverage accounting against risks of a portfolio of financial assets and liabilities according to IAS 29: "Financial instruments: recognition and assessment" shall not affect significantly the financial statements, if it is applied on the date of the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies presented below have been consistently applied for all the periods presented in these individual financial statements by the Company,

a. Foreign currency

(i) Transactions in foreign currency

Transactions of the Company in foreign currency are registered at the exchange rate communicated by the National Bank of Romania (NBR) for the date of transactions. Balances in foreign currency are converted in RON at the exchange rates communicated by NBR on 30 SEPTEMBER 2018.
Gains and losses arising from the settlement of transactions in a foreign currency and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the individual income statement as part of the financial result.

b. Financial Instruments

(i) Non-derivative financial instruments

The Company's financial instruments are initially recognized at the date of the transaction, when the Company becomes part of the contractual terms of the instrument.
The Company derecognizes a financial asset when the contractual rights to asset-generated cash flows expire or when the rights to receive the contractual cash flows of the financial asset are transferred, through a transaction where the risks and rewards of ownership of the financial asset are transferred significantly.
The Company classifies its non-derivative financial assets as follows: receivables, cash and cash equivalents. Receivables include trade receivables and other receivables,

CLIENTS AND ASSIMILATED ACCOUNTS

Clients and assimilated accounts include invoices issued at nominal value and estimated receivables related to services rendered, but invoiced in the period after the end of the period. Clients and assimilated accounts are recorded at amortized cost less impairment losses. The amortized cost of clients and assimilated accounts approximates the nominal value. Final losses may vary from current estimates. Due to the inherent lack of information regarding the financial position of the clients and the lack of legal collection mechanisms, estimates of probable losses are uncertain. However, the management of the Company has made the best estimate of the loss and considers that this estimate is reasonable in the given circumstances. In the estimation of losses, the Company also took into account the previous experience for a collective estimate, as presented in Note 3.i.(i). Trade receivables are recorded at the invoiced amount less adjustments for impairment of these receivables (see Note 3.i.(i)).
The nominal amount of receivables with collection in installments over one year is updated considering the best estimate of an interest rate, to take into account the time value of the money,

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash balances and spot and forward bank deposits (with a maturity of 3 months or more than 3 months).

(i) Financial assets at fair value through the profit and loss account

Financial assets are classified under the Company's business model for the management of the financial assets and the contractual cash flow characteristics of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Financial assets are classified in this category if they are acquired for the purpose of selling and/or reacquisition in the short term. This category includes investments in managed funds. These assets are mainly purchased to generate profit from short-term price fluctuations.

Financial assets at fair value through the profit and loss account are recorded in the statement of financial position at fair value.

A gain or loss on these instruments is recognized directly in the profit and loss account.

(Ii) Non-derivative financial debts

The Company initially recognizes debt instruments issued and the subordinated debt at the date of the transaction, when the Company becomes part of the contractual debt terms,

An entity has to derecognize a financial liability (or part of a financial liability) in the Individual Statement of financial position when and only when it is liquidated - that is, when the liability specified in the contract is extinguished or canceled or expires.

These financial debts are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, these financial debts are measured at amortized cost,

Debts to suppliers and other debts, initially recorded at fair value and subsequently measured using the effective interest method, include the equivalent value of the invoices issued by the suppliers of products, works executed and services rendered,

(iii) Share capital

Ordinary shares are classified as part of equity. The Company recognizes the changes in the share capital in the conditions stipulated by the legislation in force and only after their approval by the General Meeting of Shareholders and registration with the Trade Register. Additional costs attributable directly to the issue of shares are recognized as a deduction from equity, net of tax effects.

c. Dividends

Dividends are recognized as a liability in the period in which their distribution is approved,

d. Tangible assets

(i) Recognition and assessment

The tangible assets are initially entered at the acquisition or production cost (if achieved from labor operations).

The cost of a tangible asset element is the equivalent in cash of the price on the date of the recognition.

Elements included in tangible assets are assessed as such:

- At reassessed value, this being the fair value on the date of reassessment, minus any amortization and any loss from impairment cumulated for the class of assets from the group of building and special constructions;
- At cost, minus amortization and adjustments cumulated from impairment for the other groups of assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. Tangible assets (continuation)

In the case of revaluation, the difference between fair value and historical cost value is presented in the revaluation reserve. If the result of a revaluation is an increase from net book value, then it is treated as follows:

- as an increase in the revaluation reserve if there was no prior decrease recognized as an expense related to that asset; or
- as an income to offset the expense previously recognized for that asset.

If the result of a revaluation is a decrease from net book value, then it is treated as follows:

- as an expense with the full amount of the impairment, when in the revaluation reserve no amount is recorded regarding that asset (revaluation surplus); or
- as a decrease in the revaluation reserve with the minimum of the value of that reserve and the value of the decrease, and any remaining uncovered difference is recorded as an expense,

(ii) Reclassification in real estate investments

The Company reclassifies property, plant and equipment as real estate investment if and only if there is a change in use, evidenced by:

(a) the beginning of the use by the owner for a transfer in the category of real estate investments in the category of real estate used by the owner;
(b) starting the improvement process in the prospect of sale, for a transfer in the category of real estate investments in the stock category;
(c) the end of use by the owner for a transfer from the category of real estate used by the owner in the category of real estate investments;
(d) the start of an operating lease with another party, for a transfer from the stock category to the real estate investment category,

(iii) Subsequent costs

Subsequent expenditure on maintenance and repair of fixed assets made to restore or maintain the value of these assets are recognized in the statement of comprehensive income on the date when it was made, while the expenditure incurred in order to improve the technical performances are capitalized and amortized over the remaining period of amortization of that fixed asset. Parts of certain elements of tangible assets may require replacement at regular intervals. An entity recognizes in the carrying amount of an item of property the cost of replacing a spare part of such an item when that cost occurs, if the recognition criteria are met.

When the Company recognizes in the carrying amount of a tangible asset the cost of a partial replacement (replacement of a component), the carrying amount of the replaced part with the related amortization is removed from the accounting,

(iv) Amortization of tangible assets

Amortization is calculated to decrease the cost, less the residual value, using the linear amortization method over the life of the fixed assets and their components, which are separately accounted for.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

d. Tangible assets (continuation)

The estimated lifetimes of the main groups of property, plant and equipment are as follows:

Asset	Years
Constructions	10 - 50
Technical installations and machinery	2 - 28
Other installations, vehicles, machinery and furniture	5 - 15

Property under construction is not amortized,

Land is not amortized. The land presented in the financial statements has been revalued by the Company in accordance with legal regulations. The information is presented in Note 12 (i) (revaluation). If the carrying amount of an asset is greater than the amount to be recovered, the asset is impaired to its recoverable amount.

The cost of major investments and other subsequent expenses are included in the carrying amount of the asset. Major investments are capitalized over the remaining life of the asset.

e. Intangible assets

(i) Other intangible assets

Other intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits generated by the asset to which it relates. Expenditure that does not meet these criteria is recognized as an expense when incurred.

(ii) Amortization of intangible assets

Amortization is recognized in the statement of comprehensive income based on the linear method over the estimated useful life of the intangible asset. Most of the intangible assets registered by the Company are computer programs. They are linearly amortized over a period of no more than 5 years.

f. Real Estate Investments

A real estate investment is held to earn rental income or increase the value of the capital or both. Therefore, a real estate investment generates treasury flows that are largely independent of other assets held by an entity.

The Company's accounting policy for the subsequent valuation of real estate investments is based on the fair value model. Changes in fair value are recognized in the statement of comprehensive income.

g. Assets purchased under lease agreements

Assets held as a result of financial leasing are identified as assets of the Company at their fair value at the beginning of the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

h. Stocks

Stocks are stated at the lower of cost and net realizable value.

The cost is determined based on the first in - first out method ("FIFO").

The net realizable value is the estimated sale value less the estimated completion costs and the expenses incurred for the sale.

Costs of finished products and semi-finished products include materials, direct labor, other direct costs and overhead costs related to production (based on operating activity). Net realizable value is the estimated sales price in ordinary transactions. Adjustments for stock impairment are recognized for those stocks that are slow, physically or morally worn. The stocks for which it could not be estimated whether in the immediate period they would be consumed or if those stocks represent safety stocks for certain installations are not subject to adjustment.

i. Impairment

The carrying amounts of Company's non-financial assets, other than stocks and receivables on the deferred tax, are reviewed at each reporting date to determine whether there is any evidence of impairment. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the estimated recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the maximum of the amount of use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and asset specific risks. For impairment testing, assets that cannot be individually tested are grouped into the smallest asset group that generates cash inflows from continuous use and are largely independent of cash inflows generated by other assets or groups of assets ("cash-generating unit").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Impairment (continued)

Impairment losses are recognized in the individual statement of comprehensive income. Impairment losses recognized in relation to cash-generating units are used first to reduce the carrying amount of goodwill allocated to the units, if any, and then pro-rata to reduce the carrying amount of other assets within the unit (group of units).

For all fixed assets, except for goodwill, impairment losses recognized in prior periods are measured at each reporting date to determine whether there is evidence that loss has decreased or is no longer present. An impairment loss is restated if there has been any change in the estimates used to determine the recoverable amount. An impairment loss is restated only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of amortization, had no impairment been recognized.

(i) Financial assets (including receivables)

Adjustment for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The establishment of risk adjustments for the non-collection of trade receivables is made by including in the expense the amount of the need for risk adjustments for non-collection of trade receivables related to the invoices in the balance for which one of the following conditions is fulfilled:

a) outstanding commercial receivables older than 90 days from the due date, with an adjustment rate of 100%;

b) the classification of these exposures into one category, based on the principle of downgrading by contamination, the adjustment coefficient is 100% for all unpaid invoices in the balance. As a result of this downgrade, the entire outstanding balance of customers older than 90 days is impaired.

The Company derecognizes a write-down of receivables previously constituted at the time of recovery wholly or in proportion to the amount recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i. Impairment (continued)

The determination of the amount of the adjustment for impairment of the trade receivables to be established is based on the estimates made in collaboration with the Law Office and on the basis of the policies mentioned under (i).

(ii) Non-financial assets

Tangible assets and other long-term assets are reviewed to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount can no longer be recovered.

Impairment losses on non-financial assets are recognized in the statement of comprehensive income.

j. Employee benefits

(i) Determined contribution plans

In the normal course of business. The company pays health, pension and state unemployment benefits to its employees at statutory rates.

All the Company employees are members of the pension plan of the Romanian state. These costs are recognized in the Statement of comprehensive income with the recognition of salary expenses.

The company is not engaged in any independent pension scheme and therefore has no other obligations in this respect.

Also, according to the Collective Labor Agreement, when fulfilling the legal conditions for retirement, respectively for uninterrupted seniority in the Company, employees are entitled to receive a reward.

On 30 September 2018, the Company's management did not assess the present value of future liabilities in respect of these benefits in kind and cash rewards based on an actuarial basis and recorded a provision on these liabilities based on an internal analysis.

(ii) Short-term benefits

The short-term benefits of employees include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when services are rendered. A provision is recognized for the amounts expected to be paid in the form of short-term cash bonuses under the conditions in which the Company currently has a legal or implicit obligation to pay those amounts as a result of past service rendered by employees and if the respective obligation can be estimated reliably.

(iii) Benefits for termination of employment contracts

The company grants the following benefits to employees in the event of termination of the employment contract as a result of retirement, as follows:

- Employees retiring for old age, disability, partially early or early will receive an end-of-career reward as follows:

  - those with seniority in the Company of over 15 years, two average basic salaries negotiated on the company;
  - those with seniority in the Company between 5 and 15 years, one basic average salary negotiated on the company;

- Employees retiring as a result of an accident or an event related to work and who have a seniority in the company of between 0 and 5 years will benefit from a basic salary negotiated on the company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

k. Provisions

Provisions are recognized when the Company has a legal or implicit obligation as a result of past events, when for the settlement of the obligation an outflow of resources is required, and when a credible estimate can be made in terms of the obligation value.

Provisions for restructuring, litigation, and other provisions for risks and expenses are recognized when the Company has a legal or implicit obligation arising from a previous event, when it is probable that an outflow of resources will be required to settle the obligation and when a credible estimate of the amount of the obligation can be made. Restructuring provisions include the direct costs generated by the restructuring, i.e. those that are necessarily generated by the restructuring process and are not related to the continuous development of the company's business.

(i) Guarantees

Provisions for guarantees to customers are estimated by the Company based on the cost of repairs during the warranty period against the value of turnover in the previous financial year,

(ii) Employee benefits

The Company sets up provisions for the benefits of employees granted upon termination of the employment contract with retirement. Determination of the amount of the provision to be set up shall be made taking into account the provisions of the collective labor agreement of the Company valid at the date of provisioning,

(iii) Disputes

The Company sets up provisions for litigation if there is a legal or implicit obligation arising from a litigation in progress. Determining the amount of the provision to be established is based on the estimates made by the law firm,

(iv) Other provisions

The Company makes any other provision when the Company has a legal or implicit obligation arising from a previous event, when it is probable that an outflow of resources will be required to settle the obligation and when a credible estimate can be made as to the amount of the obligation,

Provisions for future operating losses are not recognized.

l. Incomes

(i) Sale of goods

The income consists of the amount invoiced for the sale of products without VAT, deduction or reduction. Income obtained by the Company is identified based on the sale of products.

Income from the sale of goods must be recognized by the Company when all the following conditions were fulfilled:

- the company has transferred to the buyer the risks and the significant benefits associated to the property right on the goods;

- The company does not manage the goods sold at the level at which it would've done it normally in case of holdings in property of these and does not detain the effective control upon this either;
- The value of the incomes may be assessed in a reliable way;
- It is probable that the economic benefits associated to the transaction to be generated for the entity; and
- The supported costs or the ones that are to be supported in relation with that transaction may be assessed in a reliable way.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. Incomes (continuation)

(i) Sale of goods (continuation)

The sale of products is recognized when transferring certain important risks and benefits to the client. This happens when the Company has sold or delivered products to the clients, this has accepted the products, and the reimbursement capacity of those amounts is ensured in a reasonable way.

(ii) Provision of services

The provision of services is recognized in the accounting exercise in which the services are provided referring to the percentage of execution of the transaction.

(iii) Income from leases

The income from leases is recognized in the accounting exercise in which these are provided.

m. Governmental subsidies

The subsidies from the government for the procurement of assets are recognized as deferred income and is allocated as a systematic and ration income the entire life of the asset.

n. Suppliers and assimilated accounts

Debts to suppliers and other debts, registered initially as fair value and then assessed using the method of effective interest rate, include the counter-value of the invoices issued by suppliers of products, performed works and provided services.

o. Financial incomes and expenses

Incomes and expenses on interests are recognized in the statement of the global result through the method of effective interest.

Incomes from dividends are recognized in the Statement of the global result on the date on which the right to receive these incomes was established.

Exchanges rate differences that arise when reimbursing monetary elements or conversion fo monetary elements at different exchange rates than those converted at the initial recognition (during the period) or in the previous financial statements are recognized as loss or profit in the Statement of the global result during the period they occur.

p. Contingents

Contingent debts are not recognized in the enclosed financial statements. These are presented if there exists the possibility of an outcome as resources that represent possible economic benefits, but not probable ones, and/or the value may be estimated in a credible way. A contingent asset is not recognized in the enclosed financial statements, but it is presented when an entry of economic benefits is probable.

q. Corporate tax

The profit tax on 30 SEPTEMBER 2018 consists of the current tax and deferred tax.

The current tax represents the tax that is to be paid or received for the taxable income or loss achieved during the year, using taxation percentages adopted or largely adopted on the reporting date, as well as any adjustment to the payment obligations of the profit tax associated to the previous years. The current tax to be paid includes also any fiscal receivable that arises from declaring dividends.

Deferred tax is recognized considering the temporary differences between the accounting value of the assets and debts used with the purpose of the financial reporting and the fiscal base used for the calculation of the tax. Deferred tax is not recognized for the following temporary differences:

- initial recognition of the assets or debts arised in a transaction that is not a combination of undertaking and which do not affect the accounting or fiscal profit or loss;
- Differences between the investments in jointly controlled branches or entities, to the extent in which is probable that these are not to be reassessed in the future; and
- Taxable temporary differences resulted from the initial recognition of the trade fund.

Receivables and debts with deferred tax are compensated only if there exists the legal right to compensate debts and receivables with the current tax, and if these refer to the taxes asked by the same fiscal authority to the same entity, or a different taxable entity, but which intends to conclude a convention on the receivables and debts with the current tax on a net base or whose assets and debts from taxation are to be achieved simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

q. Profit tax (continuation)

A receivable on the deferred tax is recognized for not-used fiscal losses, fiscal credits and deductible temporary differences, to the extent in which the achievement of taxable profits is probable, that will be available in the future and that will be used. Receivables on deferred tax are reviewed at each reporting date and are diminished to the extent in which it is not probable that a fiscal benefit will be achieved. The effect of the changes of fiscal rates on the deferred tax is recognized in the Statement of the global results, except the case in which it refers to the positions previously recognized directly in the own equities.

Profit tax is recognized in the Individual financial statement of the global result or in other elements of the global result if the tax is associated to capital elements.

Current tax is the tax paid associated to the profit achieved in the current period, determined based on percentages applied in the date of the reporting and all the adjustments associated to the previous periods.
The current rate of the profit tax in Romania is of 16%.

The deferred tax is calculated based on the taxation percentages that are to be applied to the temporary differences when resuming them, based on the legislation in force at the reporting date.

r. RESULT PER SHARE

The basic result per share is calculated through the distribution of the net results attributable to the shareholders to the number of ordinary shares at the end of the year.

s. Principle of business continuity

The individual financial statements were drafted based on the principle of business continuity that presumes that the Company is going to continue its activity in a normal way in a foreseeable future, without entering into the impossibility to continue its activity and without its significant reduction. In order to assess the applicability of the presumption, the management analyzes the presumptions regarding the future cash entries. Based on these analyses, the management believes that the Company can continue its activity in the foreseeable future and thus, the application of the principle of business continuity in drafting the financial statements is justified.

t. Affiliated parties

According to the definition of the affiliated parties presented in the IAS 24 standard, the Company has identified the following affiliated parties:

Entity	Nature of the relationship
SIF Moldova	Parent company
Romanian Investment Fund. loc. Windward Caiman	Significant shareholder
Transport Ceahlau SRL	Affiliated company

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

u. Reporting on segments

A segment is part of the Company that involves in activity segments that may obtain incomes and register expenses (including incomes and expenses corresponding to transactions with other parties of the same entity), whose operation results are followed regularly by the management of the Company in order to make decisions regarding the resources that are to be allocated to the segment and to evaluate its performances and for which distinctive financial information is available. The company does not detain geographical segments or of significant activity according to IFRS 8 "Operational segments" and does not have a management and internal reporting structure divided on segments.

4. DETERMINATION OF THE FAIR VALUE

Certain accounting policies of the Company and requirements for the presentation of the information require the determination of the fair value both for the financial assets and debts as well a for the non-financial ones. Fair values were determined with the purpose of the assessment and/or presentation of information based on the methods below described. When appropriate, additional information on the hypotheses used in determining the fair value are presented in the notes specific for that certain asset or debt.

The fair value represents the prices that would be received following the sale of an asset or the price that would be paid to transfer a debt by a normal transaction between the participants at the market, at the date of the assessment, regardless if this price is observable or estimated used a direct assessment technique. In the estimation of the fair value of an asset or a debt, the Company takes into consideration the characteristics of the asset or debt that the participants at the market would take into consideration for the determination of the price of the asset or the debt, at the date of the assessment. The fair value with purposes of assessment and/or presentation in the individual financial statements is determined on such a base, except for the assessments that are similar to the fair value, but do not represent the fair value, such as the net achievable value in IAS 2 or the use value in IAS 36.

Additionally, for purposes of financial reporting, the assessments at fair value are classified in Level 1, 2 or 3. depending on the degree in which the information necessary for the determination of the fair value are observable and the importance of this information for the Company, as follows:

- Level 1 Information - listed prices (unadjusted), on active markets, for assets and debts identical with those that the company assesses;
- Level 2 Information - information, other than the prices listed included in Level 1, that are observable for the assessed asset or debt, directly or indirectly; and
- Level 3 Information - information unobservable for the asset or debt.

(i) Tangible assets

The company proceeds to the reassessment of the tangible assets and real estate investments in its own patrimony with sufficient regularity that these are presented in the financial statements at fair value.

5. REVENUES

	30 September 2018	30 September 2017
Sales of goods	25.869.567	33.134.252
Services rendered	377.933	105.967
Income from leasing the real estate investments	348.289	198.492
Total income	**26.595.789**	**33.438.712**

The turnover of the Company associated to the third quarter of 2018 is of RON 26.595.789 (third quarter of 2017: RON 33.438.712), out of which RON 832.421 to export (third quarter of 2017: RON 2.098.631) and RON 25.763.368 to intern (third quarter of 2017: RON 27.107.797).

By structure, the main source of turnover was the sale of own production, with a share of 65%. The share of products under distribution - Steyr tractors, Projet herbicide equipment, Stoll front loaders - in the turnover of the company in the third quarter of 2018 was 23%.
The share of rental income, services and other sales represents 3% of the turnover registered in the third quarter of 2018.

6. OTHER INCOME

	30 September 2018	30 September 2017
Income from operating grants related to other income	-	25.000
Income from indemnities and penalties	3.553	4.355
Income from subsidies for investments	-	1.708
Other operating incomes	14.423	9.667
Income from the production of tangible assets	61.925	64.855
Other income total	**79.901**	**105.585**

7. OTHER EXPENSES

	30 September 2018	30 September 2017
Expenses relating to external services	3.919.615	6.674.089
Other taxes, duties and similar expenses	290.148	106.906
Other operating expenses	179.067	217.923
Total other expenses	**4.388.830**	**6.998.918**

7. OTHER EXPENSES (continued)

	30 September 2018	30 September 2017
Other operating expenses	**179.067**	**217.923**
(i) Compensation, fines and penalties	**3.303**	**2.025**
(ii) Sponsorship	-	-
(iii) Employee benefits	**74.322**	**102.704**
Social benefits	17.042	11.539
Stimulation fund	29.400	31.200
Gift vouchers	27.880	59.965
(iv) Other operating expenses	**101.442**	**113.194**

8. EXPENSES RELATING TO SALARIES, SOCIAL SECURITY CONTRIBUTIONS AND OTHER BENEFITS

Salaries and social security contributions	30 September 2018	30 September 2017
Salaries	4.452.381	3.776.376
Mandatory social security contributions	117.571	1.111.760
Expenses with granted vouchers	260.512	247.748
Share of the directors and executive management in the net profit	-	380.184
Total	**4.830.464**	**5.516.068**
Average number of employees	**151**	**165**

According to the collective labor agreement, the employee benefit plan contains:

- Social benefits amounting to 17.042 lei. According to art. 110 of the applicable CLA, the company provides social aid in the event of death, equal to an average salary negotiated in the relevant month at company level, bears the costs of treatments, prostheses and medication in the event of a workplace accident;
- gifts in salary amounting to 29.400 lei, granted in accordance with art. 124 of the applicable CLA. For celebrating March 8, a stimulation fund is set up for women;
- gift voucers amounting to 27.880 lei granted in accordance with art. 63 of the applicable CLA.

The short-term benefits granted to employees are recognized as expenses at the time of rendering the services.

The company has established provisions for the employee benefits granted upon termination of employment by retirement, according to the Collective Labor Agreement applicable on 30.09.2018, the information is presented in Note 22 Provisions for ”Employee benefits”,

9. FINANCIAL REVENUES AND EXPENSES

Recognized in the Global result statement	30 September 2018	30 September 2017
Interest income relating to bank deposits	312	7.627
Net gain from exchange rate differences	-	-
Net gain on financial assets	30.446	-
Other financial incomes	-	44.365
Financial revenues total	**30.758**	**51.992**
Interest expenses	41.939	31.067
Net foreign exchange loss	18.521	35.529
Other financial expenses	136.397	479.076
Financial expenses total	**196.857**	**545.672**
Net financial result	**(166.099)**	**(493.680)**

Financial revenues are recognized in the Global result statement under an accrual-based accounting system using the effective interest rate method.

The net gains relating to financial assets held at fair value through the profit and loss account is an increase in the value of the owned fund units, pursuant to the valuation on 30 September 2018.

Financial expenses include the interests and discounts granted, as well as the foreign exchange losses.

Gain and losses from exchange rate differences are reported on a net basis. The value of foreign exchange gains on 30 September 2018 is of RON 58.268 while the value of foreign exchange losses is RON 76.789.

Other financial expenses are represented by financial discounts granted to customers.

10. CORPORATE TAX EXPENSE

Corporate tax	30 September 2018	30 September 2017
Current corporate tax	63.613	415.051
Deferred corporate tax Revenue / (Expense)	295.364	58.500

	30 September 2018	30 September 2017
Accounting profit before tax	**44.314**	**3.371.044**
Expenses relating to a 16% corporate tax	7.090	539.367
Effect of non-taxable revenues	(251.696)	(128.057)
Effect of non-deductible expenses in determining the taxable profit	308.219	3.742
Effect of temporal differences	295.364	58.500
Corporate tax	**358.977**	**473.551**

11. RECEIVABLES AND DEBTS RELATING TO THE DEFERRED TAX

On 1 May 2009, the provisions of the Government Emergency Ordinance no. 34 became effective, which served to limit the deductibility of certain expenses when calculating the corporate tax, where the greatest influence was represented by the non-deductible nature of depreciating the re-valuations performed pursuant to 2004, with a significant impact on the corporate tax expenses of the Company.
On 30 September 2018, the unused re-valuation reserve, relating to re-evaluations performed after 1 January 2004, is of RON 11.372.749.

Debts relating the deferred income are represented by the corporate tax values, payable in future accounting periods, concerning the taxable temporary differences. The tax rate used to determine the deferred corporate tax is provided in the fiscal regulations applicable at the date of drawing up the financial statements, specifically 16%.

On 30 September 2018, deferred tax receivables were recognized for those provisions in the balance that were non-deductible at the time of calculating the current corporate tax.

Receivables and debts on deferred tax are given to the following elements:

	ASSETS		**DEBTS**		**NET**	
	30 September 2018	**01 January 2018**	**30 September 2018**	**01 January 2018**	**30 September 2018**	**01 January 2018**
Tangible assets	0	0	(47.860)	(69.358)	47.860	69.358
Trade receivables	0	0	0	0	-	0
Provisions and adjustments	875.577	1.149.443	0	0	875.577	1.149.443
Reserves from reassessment	0	0	2.614.378	2.627.292	(2.614.378)	(2.627.292)
Fiscal facility reserves	0	0	54.276	54.276	(54.276)	(54.276)
Total	**875.577**	**1.149.443**	**2.620.794**	**2.612.210**	**(1.745.217)**	**(1.462.767)**

12. TANGIBLE ASSETS

	Lands and buildings	Machineries and equipment	Furniture and accessories	Under execution	Total 2018
COST					
Balance on 1 January 2018	**18.585.018**	**18.669.024**	**226.497**	**356.871**	**37.837.410**
Incoming fixed assets	33.335	393.912	0	97.982	525.229
Outgoing fixed assets	8	3.054.061	0	9.317	3.063.386
Balance on 30 September 2018	**18.618.345**	**16.008.875**	**226.497**	**445.536**	**35.299.253**
CUMULATIVE AMORTIZATION				-	
Balance on 1 January 2018	**1.989.537**	**12.848.991**	**204.973**	**-**	**15.043.501**
Amortization during the year	324.117	697.779	6.779		1.028.675
Cumulative amortization reversal	-	-	-	-	-
Cumulative amortization associated with outgoings	8	2.974.698	-	-	2.974.706
Balance on 30 September 2018	**2.313.646**	**10.572.073**	**211.752**	**-**	**13.097.471**
ADJUSTMENTS FOR IMPAIRMENT					
Balance on 1 January 2018	**49.799**	**217.004**	**-**	**-**	**266.803**
Adjustments established during the year	-	-	-	-	-
Write-backs of adjustments from impairment	-	14.796	-	-	14.796
Balance on 30 September 2018	**49.799**	**202.208**	**-**	**-**	**252.007**
Balance on 1 January 2018	**16.545.682**	**5.603.029**	**21.524**	**356.871**	**22.527.106**
Balance on 30 September 2018	**16.254.900**	**5.234.594**	**14.745**	**445.536**	**21.949.775**

12. TANGIBLE ASSETS (continued)

(i) Reassessment

On 31 December 2005, all assets in the property of the Company were re-valued in accordance with the regulations in effect at that time, based on a report drawn up by an independent assessor. The assessments were based on fair value, respectively the closest as value of the transactions on that date. The re-valuation surplus was recognized as a reassessment reserve in the equity.

On 31 December 2007, the Company has reassessed the tangible assets - group: "Buildings", based on a report drawn up by an independent assessor, member of ANEVAR. The assessments were based on fair value, respectively the closest as value of the transactions and the inflation index on that date. The reassessment surplus was recognized as a reassessment reserve in the equity.

On 31 December 2010, the Company has reassessed the tangible assets - group: „Buildings" of the Company by an own commission of specialists and reviewed by as assessor, ANEVAR member. The reassessment focused on the adjustment of the net book values of tangible assets in the "Buildings" group to their fair value, that is the closest in value to the transactions at that date, considering their physical condition and market value. The reassessment surplus was recognized as a reassessment reserve in the equity. The decrease that compensates the previous increase of the same asset is diminished from the previously established reserve; all the other decreases are recognized as cost in the Statement of the global result.

On 31 December 2013, the Company has reassessed the tangible assets - group: "Buildings" of the Company were reassessed by an independent assessor, member of ANEVAR. The reassessment focused on the adjustment of the net book values of tangible assets, special buildings and constructions, to their fair value. The reassessment surplus was recognized as a reassessment reserve in the equity, respectively as an income if, pursuant to a previous reassessment, a reassessment expense was recorded. The decrease that compensates the previous increase of the same asset is diminished from the previously established reserve; all the other decreases are recognized as cost in the Statement of the global result.

The lands are presented in the balance sheet at face value, their last reassessment being registered in 2005. Following this date, the lands were not reassessed because of the fact that there was no active market for lands.

(ii) Pledged or mortgaged tangible assets

On 30 September 2018, the Company holds pledged or mortgaged tangible assets with a total book value of RON 1.049.695, of which lands amounting to RON 515.829 and buildings amounting to RON 533.866.

The net book value of the fixed assets purchased under financial leasing was of RON 364.499 on 30 September 2018.

13. INTANGIBLE ASSETS

	Brevets, licenses and trademarks	Other assets	Intangible assets under execution	Total
COST				
Balance on 1 January 2018	**528.327**	**788.671**	**16.686**	**1.333.684**
Purchases	-	88.665	-	88.665
Outcome from intangible assets	-	-	16.686	16.686
Balance on 30 September 2018	**528.327**	**877.336**	**-**	**1.405.663**
CUMULATED AMORTIZATION				
Balance on 1 January 2018	**156.304**	**678.063**	**-**	**834.366**
Amortization during the year	69.367	63.500	-	132.867
Cumulative amortization associated with outgoings	-	-	-	-
Balance on 30 September 2018	**225.671**	**741.563**	**-**	**967.233**
ADJUSTMENTS FOR IMPAIRMENT				
Balance on 1 January 2018	**358.926**	-	-	**358.926**
Adjustments established during the year	-	-	-	-
Write-backs of adjustments from impairment	67.299	-	-	67.299
Balance on 30 September 2018	**291.627**	-	-	**291.627**
Balance on 1 January 2018	**13.097**	**110.609**	**16.686**	**140.392**
Balance on 30 September 2018	**11.029**	**135.773**	**-**	**146.802**

13. INTANGIBLE ASSETS (continued)

Intangible assets on 30 September2018, at a net value of RON 146.802 (1 January 2018: RON 140,392), are represented by the undepreciated value of licenses, technological documentation and computer software used.

Amortization of intangible assets
The amortization period for intangible assets is limited to 10 years.

14. REAL ESTATE INVESTMENTS

	30 September 2018	01 January 2018
Net value	**1.608.408**	**1.608.409**

	30 September 2018	01 January 2018
Balance on January 1	**1.608.409**	**1.608.409**
Purchases/sales of real estate investments	(1)	-
Gains/losses from valuation at fair value	-	-
Balance on 30 September 2018	**1.608.408**	**1.608.409**

Real estate investment comprises a number of 14 commercial properties and associated land leased to third parties under 12-month agreements with an option for extension.

Real estate investments are real estate properties (lands, buildings or parts of a building) owned by the company with the purpose of lending them, by operational leasing or for the increase of their value. The company has determined the market value of the real estate investments based on an assessment report drafted by an ANEVAR authorized valuator.

Value of the leasing revenues for the third quarter of 2018 was RON 348.289. The company did not perform significant repairs and did not undertake other costs relating to real estate investments in the third quarter of 2018.

Certain properties also include a part that is owned for leasing purposes and another part owned for the production of goods, provision of services or for administrative purposes. In case that the part owned for leasing purposes does not occupy a significant share, the property continues to be treated as a tangible asset,

The company uses the fair value method, as presented in note 3, item f. „Real Estate Investments”

15. INVENTORIES

	30 September 2018	01 January 2018
Raw materials and consumables	2.513.346	1.783.784
Work in progress	451.833	1.244.611
Semi-finished goods	64.780	81.417
Finished goods	14.312.836	10.385.856
Goods purchased for resale	4.678.415	3.565.398
Impairment adjustments	(1.032.659)	(1.152.468)
Stocks at net value	**20.988.551**	**15.908.598**

The value of any inventory write-down to its net realizable value and all inventory losses are recognized as an expense for the period in which the write-down or loss has occurred,

The adjustments for the impairment of raw materials, consumables, semi-finished goods, finished goods and goods purchased for resale are recognized for those inventories that are moved slowly, physically or morally outdated. The adjustment does not cover those inventories for which an estimation could not be made as to whether they will be placed in consumption in a brief time or if those inventories are designated as backup inventories,

Adjustments for the impairment of stocks in the amount of RON 1.032.659 arise from:

- adjustments raw materials and materials RON 69.478;
- adjustments matrixes, sdvs: RON 392.101;
- adjustments finished products RON 479.423;
- adjustments goods RON 91.657.

16. TRADE AND SIMILAR RECEIVABLES, OTHER RECEIVABLES AND ACCRUED EXPENSES

	30 September 2018	01 January 2018
Trade receivables	15.624.669	16.552.333
Adjustments for the impairment of trade receivables	(1.934.882)	(2.006.382)
Net trade receivables	**13.689.787**	**14.545.951**
Sundry debtors	201.922	201.226
Advance payments to suppliers	9.372	48.672
VAT receivable and under settlement	90.335	47.675
Adjustment for other receivables	(105.052)	(105.052)
Other receivables	354.737	74.543
Total	**14.241.102**	**14.813.015**

The fair value of the trade receivables and other receivables reflects their value except for the adjustments from impairment.

On 30 September 2018, the net trade receivables amounting to RON 13.689.787 (1 January 2018: RON 14,545,951) are deemed to be fully performing.

On 30 September 2018, the Company has received from its customers, as guarantees, promissory notes and checks, amounting to RON 752.334 (1 January 2018: RON 1.638.852), according to the contractual clauses.

On 30 September 2018, adjustments are established for the impairment of trade receivables in the total amount of RON 1.934.882 (January 1, 2018: RON 2.006.382). Consideration was given to the fact that there is no reliable evidence supporting that these receivables will be collected.

During the third quarter of 2018, it was resumed from the previously established adjustments an amount of RON 71.500 representing the collection of receivables based on the legal additional acts.

Based on seniority, at the date of reporting, the structure of the trade receivables was:

	Impairment 30 September 2018	Gross value on 30 September 2018	Impairment 1 January 2018	Gross value on 1 January 2018
Undue	-	7.542.548	-	10.222.664
Due for 0 to 90 days	-	3.882.653	-	2.715.148
Due for 91 to 270 days	-	1.460.285	-	456.831
Due for 271 to 365 days	-	415.551	-	556.815
Due for over one year	1.934.882	2.323.632	2.006.382	2.600.875
	1.934.882	**15.624.669**	**2.006.382**	**16.552.333**

On 30 September 2018, the adjustments for the impairment of other receivables are in the amount of RON 105.052 (1 January 2018: RON 105.052).

The trade receivables of the Company are expressed in the following currencies:

Currency:	**30 September 2018**	**1 January 2018**
EUR	97.086	370.896
RON	13.592.701	14.175.055
Total	**13.689.787**	**14.545.951**

The value adjustments of the trade receivables and other receivables are the following:

	30 September 2018	**1 January 2018**
On January 1	**2.111.433**	**1,603,506**
Recognized adjustments from impairment	-	538.759
Resume of the adjustments from impairment	71.500	30.832
At the end of the period	**2.039.934**	**2.111.433**

17. CASH, CASH EQUIVALENTS AND FINANCIAL ASSETS AT FAIR VALUE

(i) Cash and cash equivalents

	30 September 2018	1 January 2018
Cash desk, account at banks and cash equivalents	2.450.969	4,674,261
Values to be collected	71.068	145,478
Total	**2.522.037**	**4,819,739**

During the third quarter of 2018, compensations were performed for reciprocal debts and transfer of trade effects in the amount of RON 1.605.110 (third quarter 2017 amount RON 2.010.647).

(i) Financial assets at fair value through the profit and loss account

	30 September 2018	1 January 2018
Financial assets - fund units	244.659	3.091.947
Short term bank deposits	500.000	1.000.000
Total	**744.659**	**4.091.947**

On 30 September 2018, the Company owns, at fair value, the following fund unit investments:

Fund type	Fund management company	Number of fund units:	Value of fund units:
Open investment fund BT OBLIGATIUNI	BT Asset Management	13.591	244.659

On 30 September 2018, the Company has at Banca Comerciala Romana a bank deposit on short term (1 year) with fixed interest in the amount of RON 500.000.

18. CAPITAL AND RESERVES

a. Share capital

Subscribed and paid-in share capital on 30 September 2018	**RON 23.990.846**
Number of subscribed and paid-in shares on 30 September 2018	**239.908.460 shares**
Nominal value of one share	RON 0,10
Characteristics of the issued shares, subscribed and paid-in	Ordinary, nominative, dematerialized

The securities of the Company (shares) are listed and traded at the II category at the Bucharest Stock Exchange. All shares have the same voting right.

18. CAPITAL AND RESERVES (continued)

a. Share capital (continued)

On 30 September 2018, the share capital of the Company was not modified, meaning its increase or decrease.
The share capital registered on 30 September 2018 is of RON 23.990.846.
The Company's shareholder structure is the following:

30 September 2018	Number of shares	Amount (RON)	%
SIF Moldova	175.857.653	17.585.765.30	73,3020
Romanian Investment Fund. loc. Windward Caiman	48.477.938	4.847.793.80	20,2068
Other shareholders, of which:			
- legal entities	3.264.938	326.493,80	1,3609
- individuals	12.307931	1.230.793,10	5,1303
TOTAL	**239.908.460**	**23.990.846**	**100,00**

1 January 2018	Number of shares	Amount (RON)	%
SIF Moldova	175.857.653	17.585.765.30	73,3020
Romanian Investment Fund. loc. Windward Caiman	48.477.938	4.847.793.80	20,2068
Other shareholders, of which:			
- legal entities	3.188.438	318.843.80	1,3290
- individuals	12.384.431	1.238.443.10	5,1621
TOTAL	**239.908.460**	**23.990.846**	**100,00**

b. Reserves

	30 September 2018	1 January 2018
Reserves from the re-valuation of tangible assets	11.372.749	11.453.460
Legal reserves	2.226.856	2.226.856
Other reserves	5.886.024	5.074.973
Total	**19.485.629**	**18.755.289**

(i) Reserves from the reassessment of tangible assets

The reassessment of the tangible assets was performed as follows:

- In 2005, for all groups of tangible assets;
- In 2007, for tangible assets in the group: «Buildings»;
- In 2010, for tangible assets in the group: «Buildings»;
- In 2013, for tangible assets in the group: «Buildings»,

The difference from the reassessment arised from the increase of the cost of the reassessed tangible assets was registered in counter-party with the account 105 - reserves from the reassessment of the tangible assets.

18. CAPITAL AND RESERVES (continued)

b. Reserves (continued)

(ii) Legal reserves

The company distributes at legal reserves 5% from the profit before taxation, up to the limit of 20% of the share capital. These amounts are deducted from the tax base for calculating the corporate tax. The value of the legal reserve on 30 September 2018 is RON 2.226.856 (1 January 2018: RON 2.226.856).

The legal reserves cannot be distributed to the shareholders,

(iii) Other reserves

Other reserves include the amounts distributed during 1991 - 2018, representing:

	Amount
Other reserves - established from the profit	5.499.918
Other reserves - established from fiscal facilities	354.563
Other reserves - established from the sales of fixed assets	29.888
Other reserves - established from prescribed dividends	1.655
TOTAL	**5.886.024**

19. RESULT PER SHARE

The result per share is calculated through the distribution of the net profit attributable to the shareholders of the company associated for the third quarter of 2018 in the amount of RON 1.750.212 (quarter III of 2017: RON 2.814.871) to the number of ordinary shares in circulation of 239.908.460 shares (quarter III 2017: 239.908.460 shares).

Profit distributable to ordinary shareholders	**30 September 2018**	**30 September 2017**
Profit for the period	1.750.212	2.814.871
Number of ordinary shares	239.908.460	239.908.460
Gains per share	0,0073	0,0117

20. LOANS

This note supplies information on the contractual terms of the loans carrier of interests of the Company, assessed at amortized cost.

	30 September 2018	1 January 2018
Long term debts	**1.465.551**	**1.600.671**
Long-term bank loans	1.307.542	1.467.018
Debts regarding financial leasing	158.009	133.653
Short term debts	**451.504**	**484.634**
Short term bank loans	280.190	329.314
Guarantees from tenants acc. to contract	26.768	29.775
Current debts relating to financial leasing	144.545	125.545

On 30 September 2018, the company has contracted an investment credit in the amount of EUR 420,000 for a period of 14 years for the procurement of a cutting equipment with laser Bystronic model BySprint Fiber 3015 with generator laser fiber 6000W. The investment credit is guaranteed with mortgage on the asset above mentioned.
The net face value on 30 September 2018 is of EUR 340.444,75.

Installments relating to financial leasing

	30 September 2018	1 January 2018
Up to 1 year	144.545	125.545
Between 1 and 5 years	158.009	133.653

Debts associated to the leasing contract are guaranteed by the goods that are object of the leasing contract, and in case of non-payment these are entitled to the lessor.

21. DEFERRED TAX

Income registered in advance	**30 September 2018**
On January 1	**1.377.762**
Recognized in the Global result statement	1.377.762
On 30 SEPTEMBER	**-**

The income registered in advance in the amount of RON 1.377.762, representing the reclassification of the income from sale of goods and finished products associated to 2018, were recognized in the Statement of the global result in the third quarter of 2018.

22. PROVISIONS

	Guarantees	Benefits of employees	Other provisions	Total
Balance on 1 January 2018	**145.953**	**296.913**	**372.504**	**815.370**
Provisions established during the period	0	0	2.007.020	2.007.020
Provisions resumed during the period	0	75.698	1.223.998	1.299.696
Balance on 30 September 2018	**145,953**	**221.215**	**1.155.526**	**1.522.694**
Long-term	**-**	**221.215**	**-**	**221.215**
Current	**145,953**	**-**	**1.155.526**	**1.301.479**

Warranties

The provisions for warranties in the amount of RON 145.953 were established taking into account the expenses related to the service activity for the agricultural machineries in the warranty period.

Employee benefits

Provisions amounting to RON 221.215 are established for benefits granted to employees at the termination of the employment contract together with retiring following certain provisions of the collective employment contract.

Other provisions

Other provisions existing in balance on 30 September 2018 represent:

- Provisions for the commissions for distributors non-granted according to the contracts concluded in the amount of RON 906.442;
- Provisions for the non-granted rights according to the contracts concluded in the amount of RON 32.718;
- Provision for return risk for finished products and goods in the amount of RON 138.161;
- Provisions for incentive campaign 2018 in the amount of RON 78.205.

23. Trade debts and other debts

	30 September 2018	1 January 2018
Trade debts - short-term debts	4.026.314	6.479.695
Social insurances and other taxes	580.690	884.886
Suppliers - Invoices to be received	399.807	2.496.301
Performance bonds for works and lessees	26.768	29.775
Dividends to be paid	87.078	87.078
Guarantee sale of land	2.163.829	-
Other creditors	114.586	277.121
Total	**7.399.073**	**10.254.856**

24. FINANCIAL INSTRUMENTS

General presentation

The company is exposed to the following risks from the use of the financial instruments:

- Credit risk
- Liquidity Risk
- Market risk

These notes represent information on the exposure of the Company to each of the risks above mentioned, objectives of the Company for the assessment and management of the risk and the procedures used for the management of the capital.

General framework on risk management

The policies of the Company for the management of the risk are defined in such way to ensure the identification and analysis of risks that it confronts, establishment of adequate limits and controls, as well as monitoring the risks and the compliance of the established limits.

The policies and management systems for risks are reviewed regularly in order to reflect the modifications arised in the market conditions and in the activities of the Company. The Company, through its training and management standards and procedures, aims to develop an ordered and constructive control environment, within each employee understands his roles and obligations.

The internal auditor of the Company performs standards and ad-hoc missions to review controls and procedures for the management of risks, their results being presented to the Management Board.

a. Credit risk

The treatment of the counter-party risk is based on internal and external success factors of the Company.

The financial assets, that may expose the Company to the collection risk, are mainly trade receivables and cash availabilities. The company has put in practice a series of policies by which it is ensured that the sale of products is made to clients with an adequate collection. The net value of the receivables for adjustments for impairment represents the maximum amount exposed to the collection risk. The situation on seniority of receivables is presented in Note 16 - Receivables.

The credit risk is the risk that the Company supports a financial loss following the non-fulfillment of the contractual obligations by a client or a counter-party on a financial instrument, and this risk results mainly from trade receivables and financial investments of the Company.

The company has a significant concentration of the credit risk. The company applies policies specifically to ensure that the sale of the products and services is made in such way that the granted trade credit is adequate and continuously monitors the seniority of receivables.

Exposure to credit risk

The accounting value of the financial assets represents the maximal exposure to credit risk. The maximal exposure to the risk credit on the date of the reporting was:

	30 September 2018	1 January 2018
Trade receivables	13.689.787	14.545.951
Other receivables	551.315	267.064
Placement securities and bank deposit	744.659	4.091.943
Cash and cash equivalents	2.522.037	4.819.739
	17.507.798	**23.724.698**

24. FINANCIAL INSTRUMENTS (continuation)

The maximal exposure to the risk credit associated to credits and receivables on the date of the reporting depending on the geographical region was:

	2018	2017
Internal market	25.763.368	29.964.767
Other regions	832.421	3.473.945
- EU Zone	743.092	3.473.945
- NON-EU Zone	89.329	-
Total	**26.595.789**	**33.438.712**

On the internal market, the Company has collaborated with a number of 22 distributors from the entire country, the most important ones being located preponderantly in the agricultural area.

The volume of sales achieved through the distributors was of 70%, and the direct sales to internal beneficiaries were of 30%.

On the external market. the volume of sales was achieved in proportion of 3% from the turnover. On this market, it is maintained the connection with the traditional clients that know and promote the products of the company.

The company has established a credit policy according to which every new client is analyzed individually from the point of view of reliability and in certain cases references are requested supplied by banks before being contracts of firm sales are concluded.
For the purpose of monitoring the risk credit associated to the clients, these are grouped depending on the characteristics of the credit risk, taking into account their classification as legal or natural persons, internal or external clients, seniority, due dates and the existence of certain previous financial difficulties. The clients classified as having a high risk are monitored, following the future sales to be made based in advance payments or using certain banking instruments to guarantee collections.

The policy of the company is to offer service for the products supplied in a guarantee period of 24 months.

On 30 September 2018, the net accounting values of the cash and cash equivalents, suppliers and clients, commitments and short-term debts approximated their fair values due to short term due dates.

b. Liquidity Risk

The liquidity risk is the risk that the Company to overcome difficulties in fulfilling the obligations associated to the financial debts that are reimbursed in cash. The approach of the Company on liquidity risk is to ensure, to the extent possible, that it holds at any time sufficient liquidities to overcome debts when these become due, both in normal and difficult conditions, without supporting significant losses or putting in danger the reputation of the Company.

Generally, the Company ensures that it holds sufficient cash to cover the foreseen operational expenses, including for the payments of its financial obligations. The Company monitors continuously the liquidity risk by drafting periodical presumptions of liquidity flows.
In order to cover liquidity risk, that may appear in case that cash availabilities cannot cover the need to finance, the Company has credit line contracts in RON that are not used at this date.

24. FINANCIAL INSTRUMENTS (continuation)

b. Liquidity risk (continuation)

Exposure to liquidity risk:

The due dates of the financial assets and debts are the following:

On 30 September 2018	Book value	0 – 12 Months	More than 1 year
Financial assets			
Cash and cash equivalents	2.522.037	2.522.037	-
Placement securities and bank deposits	744.659	744.659	-
Trade receivables and other receivables	14.241.102	14.241.102	-
Total financial assets	**17.507.798**	**17.507.798**	**-**
Financial debts			
Investment credit	(1.587.732)	(280.190)	(1.307.542)
Leasing loans	(302.554)	(144.545)	(158.009)
Commercial debts and other debts	(7.399.073)	(7.399.073)	-
Total financial debts	**(9.289.359)**	**(7.823.808)**	**(1.465.551)**
NET	**8.218.438**	**9.683.990**	**(1.465.551)**

c. Market risk

The Romanian economy is in continuous development, with a lot of uncertainty on the possible orientation of the policies and economic development in the future. The Management of the Company cannot foresee the changes that are to take place in Romania and their effects on the financial statement, upon the results from operations and the treasury flows of the company.

Exchange rate risk

The Company is exposed to the exchange rate risk through its sales, procurements, availabilities and loans that are denominated in other currencies than the functional currency of the Company, however, the currency in which most of the transactions are performed is RON.

Exposure to exchange rate risk:

The currency that exposes to the company to this risk is, mainly, EUR. The differences resulted are included in the Statement of the global result and do not affect the cash flow at the moment of liquidation of the debt. The Company holds on 30 September 2018 cash and cash equivalents, trade receivables and trade debts in foreign currency, the rest of the financial assets and financial debts are denominated in RON.

24. FINANCIAL INSTRUMENTS (continuation)

c. Market risk (continuation)

Exchange rate risk (continuation)

The exchange rates of the national currency in relation with EUR and USD, calculated as an average of the exchange rates registered during the reporting year and the previous year, as well as the exchange rates communicated by the National Bank of Romania un the last date of the year, were:

Currency:	Medium exchange rate		Spot exchange rate at the date of reporting	
	30 September 2018	**1 January 2018**	**30 September 2018**	**1 January 2018**
EUR	4,6466	4,6359	4,6637	4,6597
USD	3,9848	3,9186	4,0210	3,8915

24. FINANCIAL INSTRUMENTS (continuation)

c. Market risk (continuation)

Analiza de senzitivitate

Sensitivity analysis

30 September 2018	EUR 1EUR =4,6637	RON 1 RON	TOTAL
Cash and cash equivalents	443	2.521.594	2.522.037
Placement securities and bank deposit	-	744.659	744.659
Trade receivables and other receivables	101.042	14.140.060	14.241.102
Total financial assets	**101.485**	**17.406.312**	**17.507.797**
Investment credit	(1.587.732)	-	(1.587.732)
Leasing loans	(302.554)	-	(302.554)
Commercial debts and other debts	(1.072.879)	(6.326.194)	(7.399.073)
Total financial debts	**(2.963.165)**	**(6.326.194)**	**(9.289.359)**

1 January 2018	EUR 1EUR =4,6597	RON 1 RON	TOTAL
Cash and cash equivalents	269.200	4.550.539	4.819.739
Placement securities	-	4.091.943	4.091.943
Trade receivables and other receivables	409.239	14.403.776	14.813.015
Total financial assets	**678.439**	**23.046.259**	**23.724.697**
Commercial debts and other debts	(7.085.535)	(5.224.850)	(12.310.385)
Total financial debts	**(7.085.535)**	**(5.224.850)**	**(12.310.385)**

The Company did not conclude hedging contracts with regards to the bonds in foreign currency or exposure to the interest rate risk.

Sensitivity analysis of the exchange rate risk

The company is mainly exposed to EUR. The table below presents in detail the sensitivity of the Company to an increase/decrease of 5% of RON compared to the respective currencies, 5% represents the sensitivity rate used in the reporting to the management on the exchange rate risk,

The sensitivity analysis includes only the monetary elements in balance denominated in foreign currency and presents the modification of their transformation in RON at the end of the reporting period following a variation of the exchange rate with 5% compared to the exchange rate that was valid at that date. A positive number indicates an increase of the result and own equities where the functional currency is strengthened compared to that foreign currency.

24. FINANCIAL INSTRUMENTS (continuation)

c. Market risk (continuation)

30 September 2018	EUR 1EUR =4,6637	RON 1 RON	TOTAL
Net position of the asset / (debt)	(2.861.680)	11.080.118	8.218.438
Profit / (Loss)	**(143.084)**	0	**(143.084)**

1 January 2018	EUR 1EUR =4,6597	RON 1 RON	TOTAL
Net position of the asset / (debt)	(6.407.097)	17.821.409	11.414.312
Profit / (Loss)	**(320.355)**	**-**	**(320.355)**

d. Interest rate risk

The interest rate risk is the risk that the value of the financial instruments to fluctuate due to the changes of the interest rate on the market. The income and the cash flow of the Company cannot be affected by the fluctuation of the interest rate on the market, because the Company does not have loan contracts at the end of the period.

Exposure to interest rate risk

At the date of the reporting, the Company does not hold financial instruments holders of variable or fixed interest.

e. Capital management

The objectives of the Company in the management of the capitals are those to ensure the protection and capability to reward its shareholders, to maintain an optimal structure of the capitals to reduce capital costs.

The company monitors the volume of the capital attracted based on the indebtedness degree. This rate is calculated as a report between the net debts and total of capitals. Net debts are calculated as a total of cash net debts. The total of the capitals is calculated as equity to which the net debts are added.

	30 September 2018	1 January 2018
Total debts	**9.289.359**	**12.310.385**
Cash and cash equivalents	2.522.037	4.819.739
Placement securities and bank deposit	744.659	4.091.943
Total own equities	**49.921.808**	**48.084.573**
Indicator of the net debt	**0,12**	**-0.25**

25. COMMITMENTS AND CONTINGENTS

(a) Taxation

The taxation system in Romania is in a phase of consolidation and harmonization with the European legislation. However, there still are different interpretations of the tax legislation. In certain situations, the tax authorities may treat differently certain aspects, proceeding to the calculation of certain taxes and additional taxes and interests and late payment penalties (0,05% per day). In Romania, the fiscal exercise remains open for fiscal verification for 5 years. The management of the Company considers that the tax obligations included in these financial statements are adequate.

25. Commitments and contingents (continuation)

(b) Concluded insurances

On 30 September 2018, the Company has concluded insurance policies for tangible assets.

(c) Court actions

The company is subject of a number of court actions resulted in the normal course of the development of the activity.

Besides the amounts already registered in these financial statements as provisions or adjustments for impairment of receivables and described in the notes, the amounts associated to other court actions will be recognized when obtaining an irrevocable definitive sentence/their collection.

On 30 September 2018, the Company is involved in court actions as follows:

- 5 lawsuits as plaintiff, having as object of low value claims;
- 3 lawsuits as a creditor, having as object the payment order OUG 119/2007/ART 1014 CPC;
- 14 lawsuits as a defendant which is the subject of an action for a ascertainment, the matter being labor litigation;
- 5 lawsuits as a defendant, having as object appeal to the retirement decision;
- 2 lawsuits as a defendant, having as object action to be taken, the matter being social insurance;
- 3 lawsuits as a defendant, having as object claims, the matter being litigation with professionals;
- 1 lawsuit as a defendant, having as its object action in negation;
- 1 lawsuit as warranty claim process, object being contract resolution;
- 2 lawsuits as creditor, the object being the insolvency procedure;
- 1 lawsuit as creditor, the subject being the opening of proceedings at the creditor's request;
- 2 lawsuits as creditor, the object being the debit demand L85/2006 art 27 alin 5;
- 1 lawsuit as respondent, the subject being a contestation of the execution.

The management estimates that the result of these lawsuits will not have impact on the financial position of the Company.

(d) Quality-Environment Compliance Program

The Company has implemented a Certificate for “Quality-Environment” Integrated Management System by the external auditor TÜV THÜRINGEN for ISO 9001: 2008 and ISO 14001: 2004. The certificate is for the application of the corresponding requirements with the reference standards was demonstrated and it attested, according to the certification procedures.

26. Affiliated parties

SIF Moldova is a majority shareholder at Mecanica Ceahlau SA, holding 73,3020 % of the total of shares. The company is part of the consolidation perimeter of SIF MOLDOVA.

Romanian Investment Fund. loc. Windward Caiman is a significant shareholder at Mecanica Ceahlau SA, holding 20,2068% of the total of shares.

Details about other affiliated parties with which Mecanica Ceahlau entered in trade relationships: Transport Ceahlau SRL

Parties affiliated to the Company and the relationships with these are presented below:

Entity	Nature of the relationship
SIF Moldova	Parent company
Romanian Investment Fund. loc. Windward Caiman	Significant shareholder
Transport Ceahlau SRL	Affiliated company

No transactions, amounts owed or to be received were identified with SIF Moldova, other than the rightful dividends.

No transactions, amounts owed or to be received were identified with Roumanian Investment Fund. loc. Windward Caiman

26. AFFILIATED PARTIES (continuation)

The participating interests that the company holds on 30 September 2018 to Transport Ceahlau SRL are presented as such:

	30 September 2018	1 January 2018
Not-listed shares on 1 January	**51,000**	**51,000**
Purchases	-	-
Disposals	-	-
Impairment adjustments	51,000	51,000
Balance on 30 September	**-**	**-**

The main object of activity of Transport Ceahlău SRL is represented by the transport of goods, but the weight of the developed activity is represented by operations of general mechanics.

The statement of movements of equity securities on 30 September 2018 is the following:

			Participation percentage:	
	Date of purchase	Date of sale	30 September 2018	1 January 2018
Transport Ceahlau SRL	2004	-	24,28%	24,28%

Participation interests that the Company holds were registered at cost.

Information on the transactions with affiliated parties

a) Purchase of goods and services

	30 September 2018	30 September 2017
Transport Ceahlau SRL	-	-

b) Balance associated to the purchase of goods and services

	30 September 2018	**30 September 2017**
Transport Ceahlau SRL	-	33.004

c) Sale of goods and services

	30 September 2018	**30 September 2017**
Transport Ceahlau SRL	-	18.802

d) Balance associated to the sale of goods and services

	30 September 2018	**30 September 2017**
Transport Ceahlau SRL	-	-

The prices agreed between parties were jointly accepted based on the types of services and products and other terms and conditions. While the services, respectively the products are not currently traded on the market, we are not in the position to estimate fully if the prices are according to the free market.

The company applies the same internal policies in the contractual relationships with the affiliated entities as well as in the relationships with the other contractual partners with which the company is not in special relationships.

26. AFFILIATED PARTIES (continuation)

Transactions with the key management personnel

Loans granted to directors

The company did not grand advances, credits or loans to the members of the management and supervision bodies on 30 September 2018.

Benefits of the key management personnel

The salary rights of the directors are established by the Management Board according to the legal provisions and the management contracts.

a) *Granted salary rights*

	30 September 2018	**30 September 2017**
Management Contracts	461.159	484.181
Members of the Management Board	358.062	625.547

b) *Balance on 30 September*

	30 September 2018	**30 September 2017**
Management Contracts	11.753	22.415
Members of the Management Board	-	-

Molesag Ion Sorin,
General manager

Chirila Oana,
Financial manager