



**S.C. UAMT s.a.**

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C.I.F. RO 54620    17.766.860 lei    Fax:+40 259 462066; +40 359 401676    e-mail: office@uamt.ro

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# **ANNUAL REPORT**

**for financial exercise**

# **2016**

Class, type, no. and main characteristics of the securities issued by the company:

**39.481.911 dematerialized shares with nominal value of 0,45 lei/share**

The organized market where these values are traded:

**Bucharest Stock Exchange**

## **CAP.1. General presentation**

### **1.1. ACCOMPLISHING THE LEGAL CONDITIONS OF FUNCTIONING**

S.C. UAMT SA, company established based on HG 1224/23.11.1990 is specialized in: Fabricating of other parts and accesories for vehicles and for engines of vehicles” cod CAEN - 2932.

The company, has the social headquater in Oradea, Uzinelor no.8 Street, and it is registered at the Trade Registrer under the no. J05/173/1991, having the fiscal identification number RO 54620.

The main activity object is „producind and commercialization of parts and subassemblies for transport means, execution of installations, tools, technological equipment, SDVs”.

It is a public owned company, in accordance with the terminology specified in the Law no.297/2004 regarding the capital market, being registered at the Comisia Națională a Valorilor Mobiliare in accordance with the regiostration certificate no. 3191/04.12.2006.

From 1997 and during the year 2006, the shares of the company were registered and transacted on RASDAQ stock exchange, having the symbol „UAM”. The registration of shareholders was kept in 2010 by the Central depository ( ex REGISCO) in conformity with the contract no. 7778/01.03.2007. In 19.02.2007, the company was admitted to trading on a reglemented market administrated by S.C. Bucharest Stock Exchange S.A.

From financial situation establishing point of view, the company applies the Order no. 2844/2016 issued by the Ministry of Public Finance for approval of Accounting Regulations in conformity with the Financial Reporting International Standard, aplicable

to companies whose shares are admitted to be transacted on a regulated market. The auditing activity of the financial situation for the year 2016 was done by S.C. Leocont Expert S.R.L. based on the addenda no.2/01.12.2016 to the contract no. 6 from 01.12.2010, valid until December 2018.

During the financial year 2016 there weren't any events such as reorganising or merging of companies.

### **1.1. Leadership of the company**

During the year 2016 the company was administered by a Council of Administration composed of three members, as follows:

- Doina Olimpia STANCIU – Chairman of the Council of Administration
- Horia Adrian STANCIU – member of the Council of Administration
- Bogdan Ciprian STANCIU – member of the Council of Administration

The executive leadership of the company was assured by a management team that, during 2016, had the following composition:

- Antoine YOUSSEF- ALLAIRE – General Director,
- Nicolae RADU – Deputy General Director,
- Mircea Gabriel BONTA – Chief of Financial and Accounting department,
- Nicolae FEFLEA – Chief of Quality department,

In the year 2016, a constant preoccupation of the Council of Administration was the optimization of the decisional process at the level of the executive leadership and improvement of the communication in view of applying the measures and the decisions of the Council of Administration with efficiency and operativity in order to maximize the obtained results in the deployed activity and to minimize the effects of the economical crisis.

The Council of Administration aimed to establish the activity schedule proposed for the year 2016, the execution of the monthly and trimestrial income and spendings budget and of the investment and approved reparations program.

In 2016, The Council of Administration met monthly in council meetings and issued measures related to the administration of the company.

The measures and the decisions taken aimed all activities conducted in the company, the commercial and production activity, the investment and repairs activity, the human resources activity, the financial-economical and internal control audit activity.

All efforts of the Council of Administration and of the executive leadership were oriented towards the fulfilling of the companies mission to ensure quality services, development of the technical-material base, rehabilitation and modernizing of the existing one, through a coherent program of investment under the conditions of a real protection of the environment.

The previewed effort and organizing of the Council of Administration ended in future development programs of the company , informational programs, recruiting and personell promoting, rising the quality of the products , procesures systems for the main activities and reconsidering the organizational structure.

We are mentioning that the company has no aware of the fact that the persons presented above have had implications in litigations or administrative procedures in the last five years or to have had restrictions related to the occupation of the leadership functions in the company.

## 1.2. SHARE CAPITAL AND SHAREHOLDERS STRUCTURE; SHARES

### 1.2.1 Share capital and shareholders structure

The subscribed and paid capital at 31.12.2016 is of 17.766.860 lei reprezening 39.481.911 shares at the nominal value of 0,45 lei/share.

The synthetic structure of the shareholders on the 31.12.2016, in comparison with 31.12.2015 is the following:

Shareholders		Shares number	Value (lei)	Procentege
TOTAL related to Central Depository on 31.12.2015, from which:		39.481.911	17.766.860	100%
1.	ASOCIAȚIA "PAS-UAMT"	14.081.168	6.336.526	35,67%
2.	Persoane juridice	4.238.196	1.907.188	10,73%
3.	Persoane fizice române și străine	21.162.547	9.523.146	53,60%
TOTAL conform Depozitarului Central la 31.12.2016, din care:		39.481.911	17.766.860	100%
1.	ASOCIAȚIA "PAS-UAMT"	14.081.168	6.336.526	35,67%
2.	Persoane juridice	4.232.889	1.904.800	10,72%
3.	Persoane fizice române și străine	21.167.853	9.525.534	53,61%

At the end of 2016, the administrators owned together 549.135 shares (3,09% from share capital).

All shares of the company are nominative, common, dematerialized and indivisible.

The shares of S.C. UAMT S.A. have transacted starting with the date 31 May 2007 on Bucharest Stock Exchange. Lately, the company's policy was to reinvest the obtained profit, the company having need of capital resources in view of realizing the investment objectives, not sharing therefore any dividends. According to A.G.A. Decisions, for precedents there were no dividends distributed, the net profit being assigned as own source of financing for sustaining and finalizing the modernizing process.

From establishing till today, it didn't exist a decision related to buying own shares.

The company did not issue bonds or other such titles neither in 2016, nor that year, therefore it has no bonds towards owners of such values.

### **1.2.2 Declaration regarding the corporate governance code**

SC UAMT SA has the shares listed on BVB București. Therefore the company applies all provisions of the law related to corporate governance, Law 31/1990, OMFP 2844/2016 for approval of the Accounting regulations based on International Standards of Accounting Reporting, Regulation of CNVM no 1/2006 related to reporting, the regulations of BVB etc. All these documents are public

The company is in the course of implementing the corporate government code and applies in most part the general provisions of it.

The leadership of SC UAMT SA certifies the fact that no situations exist related to the case that the company abandoned the provisions of the corporate governing code.

The company conducts the accounting in conformity with the legislation and owns an informatic integrated system that stocks all transactions. There are persons designated and qualified that have as responsibility the elaboration of financial reports with the compliance of the accounting legally adopted by the company. The financial reports are checked and approved by the chief of financial and accounting department, the General Director and, where it is needed, by the Administration Board. The company has a contract with an authorized financial in accordance with the legal

requirements. The auditor checks the financial reports in all situations provided by the law.

The General Meeting has the duties established by the Law 31/1990 updated and the constitutive act of the company at the date of the General Meeting. In fulfilling the activity and in reporting to the supervisory institutions of the regulated market, SC UAMT SA does not abandon the corporate governing code.

In the company there is an internal control system, for main activity, work procedures being established. The duties of the internal control are, without limitation:

- examination of the lawfulness, regularity and conformation of the operations, identifying errors, waste, defective gestioning and on these bases, the measurement and solutions proposal related to recuperating the loss and sanctioning the guilty ones ;
- supervising the functioning of the systems of fundamenting decision, planning, programming, organising, coordoinating, following and controlling the respecting of the decision ;
- evaluating the efficiency with wich the leading and executing systems at the level of the company uses the financial humane and material resources for fulfilling the objectives and obtaining the desired results;
- identifying the weak points of the leading and control systems as well as the associated risks of such systems, of projects/programs or other operations and measurements proposal to correct them and to diminuate the risks. The internal control is assured at all levels by the executive leadership of the company.

## **CAP. 2. COMPANY'S ACTIVITY ANALISYS**

### **2.1. COMPANY'S ACTIVITY ANALISYS**

a) Description of main activity of the company;

S.C.UAMT S.A. has the activity objet of " producing and commercializing parts and suassemblies for means of transport, moulded pieces from non iron aloy, execution of instalations, tools, technological equipments, SDV-s ".

b) Description of aquisitions and/or divestitures of assets:

Aquisitions and divestitures of assets deployed by the company during economical-fiscal year of 2016 is as follows:

Tangible assets:

<b>31 decembrie 2016</b>	<b>Terenuri</b>	<b>Construcții</b>	<b>Instalații tehnice și mașini</b>	<b>Alte instalații, utilaje și mobilier</b>	<b>Imobilizări corporale în curs</b>	<b>Avansuri</b>	<b>TOTAL</b>
Sold inițial	13.169.060	23.101.537	53.668.010	390.488	446.066	51.311	90.826.472
Intrări	0	186.750	207.056	31.208	1.271.940	3.870.432	5.567.386
Ieșiri	0	0	152.000	5.926	276.054	461.747	895.727
Sold final	13.169.060	23.288.287	53.723.066	415.770	1.441.952	3.459.996	95.498.131
➤ Ajustări							
<b>31 decembrie 2016</b>	<b>Terenuri</b>	<b>Construcții</b>	<b>Instalații tehnice și mașini</b>	<b>Alte instalații, utilaje și mobilier</b>	<b>Imobilizări corporale în curs</b>	<b>Avansuri</b>	<b>TOTAL</b>
Sold inițial	0	3.812.384	25.483.613	178.529	0	0	29.474.526
Ajustări de valoare reprezentând amortizare și deprecieri	0	1.543.171	6.241.198	86.866	0	0	7.871.235
Ajustări de valoare aferente mijloacelor fixe ieșite	0	0	152.000	2.959	0	0	154.959
Sold final	0	5.355.555	31.572.811	262.436	0	0	37.190.801
Valoarea netă a mijloacelor fixe la 31 decembrie 2016	13.169.060	17.932.732	22.150.255	153.334	1.441.952	3.459.996	58.307.330

Intangible assets:

<b>Cost</b>	<b>2016</b>	<b>2015</b>
Sold inițial	933.928	875.529
Intrări	1.096.089	68.758
Ieșiri	0	10.359
Sold final	2.030.017	933.928
<b>Ajustări de valoare</b>	<b>2016</b>	<b>2015</b>
Sold inițial	443.870	318.329
Ajustări de valoare reprezentând amortizare și deprecieri	131.112	135.900
Ajustări de valoare aferente ieșiri imob. necorporale	0	-10.359
Sold final	574.982	443.870
Valoarea netă a imobilizărilor necorporale	1.455.035	490.058

c) Description of main results of evaluating the activity of the company

**1.1.1. Elements of general evaluation:**

<b>Indicatori</b>	<b>2015</b>	<b>2016</b>
Cifra de afaceri	113.244.867	121.964.833
Export	2.308.191	3.214.149
Cheltuieli totale din expl.	111.386.759	118.750.684
% din total cifra de afaceri		
- export	2,04%	2,64%
- intern	97,96%	97,36%
Lichiditate (casa și conturi la bănci)	14.751.715	33.126.159
Profit net	4.065.990	5.726.929

In comparison with 2015, the company reached a rise of net profit with 40,85% from 4.065.990 lei, to 5.726.929 lei in 2016.

The profit rise in 2016, is due mostly to rise of selling volume in comparison to 2015.

The indicator EBITDA (profit from exploitation + amortization), made in 2016 is 15.040 mii lei.

The value of payments made in 2016 for credits taken, representing rates and bank interests rose to the level of 150.411 lei, representing interests spendings.

**1.1.2. Evaluating the technical level of the company:**

Description of main products or services deployed :

*a) main markets for each product or service and methods of distribution:*

In Romania, for a series of products from actual fabrication range, the company "UAMT" SA is the main supplier of homeland vehicles. It is remarkable the fact that a tendency is manifesting of intensifying the competition in the activity field of the company, fact that imposes from our company a decisive action of counteract of the phenomenon by an active policy of retechnologising and modernising the products .

This fact is possible to do with the help of some convenient sources of financing, from nonrefundable funds from E.U. or from Government of Romania.

Main products of the company are:

- Stamped parts;
- Anticorrosive protected parts by electrochemical painting or cathaphoresys painting
- Auto components;



- SDV-s;
- Auto spare parts.
- Injected parts

The market of the company is divided in three segments:

- industrial clients:
  - Vehicles manufacturers:
- clients for car spare parts:
  - Service and commercializing companies;
- clients for SDV-s

*a) influence of each category in income and spendings of the company:*

	31/12/2016	31/12/2015
Venituri din producția vândută	119.823.081	111.615.410
Venituri din vânzarea mărfurilor	2.141.752	1.629.457
Alte venituri, inclusiv variația stocurilor	892.400	3.489.484
	122.857.233	116.734.352
Consumuri materiale	83.542.368	69.819.505
Costul mărfurilor vândute	1.726.310	1.607.661
Cheltuieli de personal	19.523.737	18.021.653
Cheltuieli privind amortizările	8.041.215	9.285.597
Alte cheltuieli	3.024.396	12.652.343
	115.858.026	111.386.759

*b) new products for which a substantial volume of assets will be assured in the next financial year as well as the development status of these products*

The capacity analysis of SC UAMT SA shows the necessity of some investments in modern tools, SDV-s and equipment of assembly that can sustain the growth in cadence previewed but also to anticipate possible “leaps” of demand dictated by the market. Besides the fabrication volume growth for LOGAN models and other new models launched till present day, for our company the launching in fabrication of new models is creating the opportunity of diversifying the range of UAMT products.

### 1.1.3. Evaluation of technical-material acquisition activity (indigene source, import sources)

In 2016 the acquisition activity was based on firm orders with suppliers from E.U., outside E.U. and Romania.

The main suppliers of raw material of the company based on the average in spendings volume in 2016 are presented in the table below.

Furnizor Sortiment aprovizionat		Pondere în planul de aprovizionare pe 2016 [%]
Diverși furnizori din România	- tablă+rulou	40%
Furnizori din Franța, Belgia, România, Spania, Italia	- mase plastice	30%
Furnizori din România	- țevi	4%
Furnizori din Republica CEHĂ	- oglinzi	1%

The raw material stock are at the minimum level needed. Because of the sistematic acquisition no gaps are being created in the raw material stock.

The acquisition of raw material is made directly with the suppliers or direct distributors, succeeding to reach advantageous prices for the company. The prices are well corelated in regards with the quality.

### 1.1.4. Evaluating the selling activity

a) *Description of evolution of sequential selling on the intern market and /or external market and perspectives on medium and long term:*

In 2016, the products selling reached a growth in comparison to 2015.

The main market of the company's products is the automotive market, representing 100% of all vendings from 2016.

The export delivery is in most part intracommunity delivery (France), from total export 6,46 % represent extracommunity delivery (Brazil, Turkey, India).

The total product vending (excluding services and residual products from turnover volume), wereof 117.809 tousand lei, from wich 2.029 tousand lei, export delivery.

On medium and long term the marketing policy of the company is to maintain traditional clients and to enter on new segments of the market.

The previews of vending growth for 2017 are optimistic, estimating a growth of 3% compared to 2016.

*b) Description of competition situation in the field of activity of the company, the average of the products on the market of the company and main competitors;*

The general practice on the market of the automotive fabricants is to agree on a few supplier companies for parts and subassembly.

Therefore, following the process, of agreing, the competition becomes irrelevant, the companies agreeded meintaining on the market as long as they can manage to uphold the quality demands and price demands of the automotive manufacturers, during the life period of the vehicle.

The competition manifested, especially, during the selection of suppliers aledged by the main client of UAMT, Dacia-RENAULT, because the products for equipment of the LOGAN vehicles are complexe and need high costs for assimilating in fabrication, validation and assuring the needeed fabrication capacity. This step, once overcome, the competition reduces substantially, a change of suppliers being done only by exception. (bankrupcy, serious quality issues, major inovative leaps, etc.).

Also, once the Company was nominated as 1st range supplier by Renault, this holds a priviledged position and on the spare parts market, both from point of view of legislation for consumption protection as well as promoting products.

In this acest segment of market we are permanently in competition with multinational automotive parts companies.

*c) Description of each significant dependences of the Company towards one client or group of clients who's loss would have a negative impact on the income of the Company.*

The dependence on DACIA can be taken in consideration as a negative point related to incomer, but not in a major part.

#### **1.1.5. Evaluting the aspects related to employees/personnel of the company**

a) *Specifying the number and the level of preparing of the employees and the degree of sindicalization of the labour force ;*

Previews for 2017 draw to the conclusion that in this period the company will need to deploy the activity with an average number of employees of 500 people determined by growth of the production volume.

The degree of sindicalization of the labour force is almost 40%.

The degree of general qualification of the personnel is high, in general the needs of the company being satisfied and permanently improved by actions, operations and products.

The actual organizational structure is piramidaly shaped, the competences and the responsibilities given at diferent levels are specified in job descriptions and Regulation of internal order.

At the end of 2016, in comparison with 2015, the structure of the employees based on type of activity is the following :

nr. crt.	Personal	Nr. efectiv de personal	
		2015	2016
1.	Total personal productie, din care:	434	425
2.	Personal TESA	77	78
3.	Total personal	511	503

From the above mentioned data, it results that the number of employees in 2016 was lower by 0.79 % than the previous year.

b) *Description of the relations between the manager and the employees and other conflictual elements that characterise these relations;;*

the relations between the management and the employees are normal,, without manifesting of collective actions of contesting the programs and the management achievement.

### **1.1.6. Evaluating the aspects linked to the company's base activity impact on the environment**

UAMT SA owns the environment integrated and water gestion authorisation valid until 2017, and the declaration of establishment for operations with precursors.

The company's base activities have an insignificant impact on the water, air, soil factors. The determination conducted shows the non-existence of the overlimit of the values provided by law for none of the pollutants measured both for water emissions and air emissions. By modernizing the installation of pre-treatment of waste water all the pollutants are in the limits provided by law. Having in view that the free surface from inside the unit is concrete in most part, including in case of waste depositing no significant modifications can occur in the structure and the quality of the soil..

The impact produced by UAMT does not mean pollution.

It is not the case of litigations, existing or previewd, related to the non respecting of the law for the protection of the environment.

For the year 2016 it was registered the annual environment report at APM-Bihor and Oradea City Hall.

#### **1.1.7. Evaluation of development and research activities**

SC UAMT SA will continue in 2017 the policy of development as a premisses for consolidating and improvement, of the activity with direct implications on the possibilities of the compan's development (client and products portfolio, turnover).

#### **1.1.8. Evaluating the company's activity related to risk management**

##### *Description of policies and objectives of the company related to risk management*

The results from 2016 are relatively good reported to turnover, because of the measures taken by cost management policies, from wich we state:

- continuous development and improvement of the products that can conduct to growth of client satisfaction under economical rentability conditions
- reducing and optimising the utilities consumption
- efficient managing of the human resources corelated to the production capacities at the lowest cost
- periodical supplying and minimum stocking of raw material and consumption material
- efficiency of the cash flow by measures of following the deadline of the dues
- deploying the spendings corelated to achieving the income in coordonation with assuring the availabilities
- hiring reparation and intervention work at advantageous prices

From bankruptcy risk analysis calculated by Altman Model the conclusion is that the risk is almost inexistent.

Nr. crt.	Indicatorul	U.M	Valori		Simbol
			31-Dec-15	31-Dec-16	
1	Activ total	lei	120,352,342	135,198,230	AT
2	Venituri totale	lei	117,428,584	123,289,603	Vt
3	Profit reinvestit	lei	4,065,990	5,726,929	Prein
4	Capital propriu	lei	81,301,271	87,028,200	Cpr
5	Datorii totale	lei	43,673,083	48,170,029	DT = Itml+Its+Fz+Ob
6	Profit brut	lei	4,770,559	6,720,170	Pb
7	Active circulante	lei	68,267,804	80,155,165	Ac
8	T1	-	0.0396	0.0497	Pb / AT
9	T2	-	0.9757	0.9120	Vt / AT
10	T3	-	1.8616	1.8073	Cpr / DT
11	T4	-	0.0338	0.0424	Prein / AT
12	T5	-	0.5672	0.5928	AC / AT
13	$Z = 3,3T_1 + 1,0 T_2 + 0,6 T_3 + 1,4 T_4 + 1,2 T_5$	-	2.95144	2.93115	Z

$Z < 1,81$  = situație critică spre faliment

$1,81 < Z < 2,90$  = riscul de faliment este într-o marjă normală

$Z > 2,90$  = riscul de faliment este aproape inexistent

### 1.1.9. Elements of perspectives regarding the activity of the company

a) the presentation and analyzing of the tendencies , elements, events and facts of incertitude that affects or may affect the liquidity of the company in comparison with the same period of the previous year.

We consider that in 2017 we have the possibility to achieve higher income than in 2016. In the conditions of general rise of prices of raw material and the growth of salaries, we estimate a net profit lower than 2016, mainly because of:

- growth of fabrication volume for actual and new products
- rise of prices of raw material, utilities and other services deployed by third parties;
- rise of spendings with human resources;
- maintaining the level of actual or rise of vending prices of finished products and services made by the company (in a lower rithm than the rithm of cost rising)

- continuing the technical updating politics by replacing the overused tools .
- implementing new technology in view of production diversification and rise of quality of own products .

The previews for future in this field are influences by politics and onjectives stated by the RENAULT (actual majority shareholder of "AUTOMOBILE DACIA" SA), by constand reducing the fabrication costs for vehicles from it's range of fabrication, and restarting of the „Rabla” programme..

The financial-economical situation of the company in this year had a satisfying trend.

The objectives reached by the business plan of the company in 2017 are:

- continuing the structural adjustment based on real dimensions and evolution of market;
- continuing the structural and technological updating for alining it to the requests imposed by automotive manufacturers;
- intensification of efforts for identifying and penetrating new segments of external market and of new products from other fields of activity;
- continuing the retechnologizing the company by accesing new funds for investments
- accentuating the preparing of human resources at the level of the actual demands;

b) Presenting and analising the effects of spending the capital , currente or anticipated on the financial situation of the company in comparison with the same period of last year.

In the course of 2013 the company made investments based on the approved project. The company's modernising by adding high technology equipment and instalations, measurment and control aparatus and informatical programs was finished in 2014.

The company will continue to modernise in 2017, reinvesting the profit proposed to be divided to other sources of own financing.

- b) Presenting and analysing the events, transactions, economical changes that can affect significantly the income from base activity:
- c) To be seen cap.5 "Situatia financiar-contabila si Rezultatul exercitiului".

## **2. Tangible assets of the company**

### **2.1. Specifying the establishment and the main characteristics of the production capacity of the company .**

The company is located in the north west of Romania in Oradea city at 8 km from the hungarian-romanian border, closer to the european road E60 having means for supplying and delivery both on railroad and road.

The company has the headquarters in Oradea, str. Uzinelor, nr. 8, and is registered at the Trade of Bihor, unde the no. J 05/173/1991.

The updated value of the social capital of the company is 17.766.860 lei.

The technical endowment of the company situates it in the field of fine mechanics. The company uses the following technological processes :

- mechanical processing through cutting (turning, milling, drilling, flat and round rectifying) on classical machinery and CNC
- cold pressing processing;
- injecting of plastic parts (polietilene, poliacetal, poliamide, including glas fiber, etc. With weight up to 1,2kg);
- cathodes painting;
- electrochemical painting (zinking, galvanizing);
- metal welding (electrical, autogenous, plate welding in spots, CO2 welding, with or without welding robots);
- thermic treatments;
- electroerosion processes (with massive electrode and with wire);
- product assembly;

the company has, also, a SDV-s execution toolshop that assures in general the entire stamping process, molds, parts and verifiers needed in own production and for executing orders, in this field, for other companies.



## *2.2. Description and analysing the degree of usage of the company's propriety.*

The medium degree of usage:

			2016	2015	
1	Amortizarea aferentă imobilizărilor corporale	Lei	37.891.966	29.558.180	Amz
2	Imobilizări corporale	Lei	98.994.086	92.291.410	Mf
3	Gradul mediu de uzură	%	38,28%	32,03%	Gu=Amz/Mf

The existent medium degree of usage is a normal degree in industrial activity  
The level of modernizing the tools is in accordance to the technical production requests.

The company's accounting policy for reevaluated tangible assets was the alternative accounting treatment, meaning the presentation in the financial situation of the fixed assets at the reevaluated value, minus the cumulated amortisation.

## *2.3. Specifying the potential issues linked to the propriety right over the tangible assets of the company.*

There are no litigations related to propriety right over the tangible assets or over commercial ones, belonging to the company.

### **CAP.3. THE TANGIBLE ASSETS MARKET ISSUED BY THE COMPANY**

#### *3.1. Specifying the romanian markets and foreign markets on which the tangible assets issued by the company are being negociated .*

The company's shares are transacted at Bucharest Stock Exchange.

The company issued one type of shares, the dematerialised shares with nominal value of 2,50 lei. Following the provisions of the Law 55/95 for accelerating the process of privatisation and the fact that at the company was registered an oversubscription in the process of mass privatisation , by the effect of the law, it was split the nominal value of all shares from 0,25 lei to 0,10 lei per share.

The majority of the social capital of the company made during the year 1999 following the reevaluation of the patrimony and approved by AGA lead to the rising of the nominal value of the shares from 0,10 to 0,45 lei/share.

În cursul anului 2001 societatea a efectuat o ofertă publică de majorare a capitalului social în cadrul căreia au fost în final emise un număr de 2.518.322 de acțiuni subscribe integral de către acționarul majoritar.

During 2010, as effect of the merging between SC UAMT SA, company that absorbed and the companies that were absorbed by it: FICAMT SA, CPD SRL, FRIGAMT SRL, it was finished the rising of the social capital in which there were issued a number of 14.396.464 shares.

The transactiond price of the shared during 2016 evolved between 0,588 and 0,880 lei per share.

**3.2. Description of the company's policy related to dividends paid/acumulated/owed in the last 3 years and, in the case, the reasons for which was possible the lowering of the dividends , in the last 3 years**

In the previous years, the company did not give dividends to it's shareholders, the brut profit being distributed to other reserves.

lately, the policy of the issuer was to reinvest the obtained profit, the company having need of resources of capital in order to have investments , therefore not giving dividends.

For the year 2016 by A.G.O.A Decision, the net profit is proposed to be distributed as own source of financing for sustaining the company's investment program.

Because the assurance of capital resources on medium and long term is a major coordonate of the issuer's strategy, it will mentain the reinvestment policy of the profit , for the future.

In 2016 there were no changes in the structure of the social capital.

**3.3. Description of all activities of the company related to buying it's own shares.**

It is not the case.

**3.4. In case the company has subsidiaries, the specification of the number and the nominal value of the shares issued by the main company, owned by the subsidiaries**

It is not the case.

**3.5.** *In case the company issued bonds and/or other debt titles, the presentation of the way the company pays the debts towards the owners of such titles.*

It is not the case

#### **CAP. 4. Leadership of the company**

In the present moment, the administration of the company "UAMT" SA Oradea is executed in hierarchy order by:

- 1 General Shareholders Meetings;
2. Board of Administration composed by 3 people;
3. General Director;

**4.1.** *Presenting the list of administrators of the company and the following information for each administrator:*

a) CV (name, surmane, age, qualificatione, professional experience , function and work seniority in the function) of each administrator is presented on the website-of the company [www.uamt.ro/comunicate](http://www.uamt.ro/comunicate)

b) any agreement, understanding or family link between administrators, between the administrator and the other person because of whom the last one was named administrator;

It is not the case

c) participation of the administrators to the social capital of the company, after the registration of the social capital increase at the Central Depository on de 31.12.2016, is as follows:

<b>Nume, prenume</b>	<b>Nr.actiuni deținute</b>	<b>% de participare la capitalul social</b>
Horia Adrian STANCIU	244.015	1,3734
Bogdan Ciprian STANCIU	305.120	1,7173

d) list of people affiliated to the company.

It is not the case

**4.2. Presentation of the list of members of the executive management of the company.**

*For each, the presentation of the following information:*

The company's executive management was assured by a managing team that at the end of 2016 had the following composition:

- Antoine YOUSSEF-ALLAIRE – General Director,
- Nicolae RADU – Deputy General Director,
- Mircea Gabriel BONTA– Chief of financial-accounting department,
- Nicolae FEFLEA – Chief of quality department,

According to the Constitutive Act, the executive directors are named by the General Director and they are under his coordination and are responsible towards the company for fulfilling their duties in the same conditions as the administrators.

The CV-s of each one of the executive management member is presented on the website of the company [www.uamt.ro/comunicate](http://www.uamt.ro/comunicate)

*a) The term in which the person is considered as part of the executive management*

The directors from the executive management are employees of the company for unlimited period.

b) any agreement, understanding or family link between administrators, between the administrator and the other person because of whom the last one was named member of the executive management;

It is not the case

*c) participation of the person to the social capital of the company*

It is not the case

**4.3.** For each person presented at 4.1. and 4.2. litigations or administrative procedures that they were involved in the previous 5 years, related to the activity in the issuer as well as those related to the capacity of that person to fulfill their duties in the company.

It is not the case.

## **CAP.5. FINANCIAL-ACCOUNTING SITUATION**

Presentation of the financial-accounting situation in comparison with the last two years:

### **SITUATION OF FINANCIAL POSITION**

**On: 31.12.2016**

	<b>31/12/2016</b>	<b>01/01/2016</b>
<i>Active</i>		
Active necurente		
Imobilizări corporale	58.307.330	61.351.946
Alte imobilizări necorporale	1.455.035	490.058
Investiții imobiliare	1.339.456	1.381.284
Alte active (biologice, financiare, etc)	300	77
Total active necurente	61.102.121	63.223.365
Active curente		
Stocuri	16.730.903	17.816.153
Creanțe comerciale	25.861.938	31.540.882
Cheltuieli în avans	0	736.270
Alte creanțe	4.420.068	4.159.054
Numerar și echivalent în numerar	33.126.159	14.751.715
Total active curente	80.139.068	69.004.074
Venituri în avans (subvenții)	6.059.056	7.253.085
<b>Total active</b>	<b>135.182.133</b>	<b>124.974.354</b>
<i>Capitaluri proprii și datorii</i>		
Capitaluri proprii		
Capital social	17.766.860	17.766.860
Rezerve	27.361.244	23.295.253
Rezultat reportat	4.146.286	4.123.007
Rezultatul exercițiului	5.726.929	4.065.990
Alte rezerve și acțiuni proprii	32.026.881	32.050.161
Total capitaluri proprii	87.028.200	81.301.271
Datorii necurente		
Împrumuturi primite pe termen lung	3.911.603	0
Alte datorii pe termen lung	508.729	1.697.755

Datorii de impozit amanat	34.170	34.170
Alte datorii necurente	0	0
Total datorii necurente	4.454.502	1.731.925
Datorii curente		
Datorii comerciale	16.837.437	15.270.499
Împrumuturi pe termen scurt	25.000.000	25.000.000
Taxe curente	1.342.640	1.237.874
Alte datorii curente	519.354	432.785
Total datorii curente	43.699.431	41.941.158
Total datorii	48.153.933	43.673.083
<b>Total pasive</b>	<b>135.182.133</b>	<b>124.974.354</b>

The subscribed social capital in value of 17.766.860 lei did not suffer changes in the year 2016.

During the year it did not constitute the legal reserve, being reached the maximum level permitted by law, and the net profit nonparted for the year 2016 in value of 5.726.929 lei will be divided in other sources of financing.

Net profit made in 2016 is 5.726.929 lei.

The value of 425.585 lei represents the value of the fixed during 2016.

The value of the intangible exits by vending in 2016 is of 152.000 lei.

The difference of reevaluation is considered to be achieved at the ceasing of the intangibles and is transferred in account no. 1175” The reported result represents the overplus made by reevaluated reserves.

➤ Assets at brut value:

<b>31 decembrie 2016</b>	<b>Terenuri</b>	<b>Construcții</b>	<b>Instalații tehnice și mașini</b>	<b>Alte instalații, utilaje și mobilier</b>	<b>Imobilizări corporale în curs</b>	<b>TOTAL</b>
Sold inițial	13.169.060	23.101.537	53.668.010	390.488	446.066	90.775.161
Intrări	0	186.750	207.056	31.208	1.271.940	1.696.954
Ieșiri	0	0	152.000	5.926	276.054	433.980
Sold final	13.169.060	23.288.287	53.723.066	415.770	1.441.952	92.038.135

The accounting brut value is recuperated by linear amortisation method in accordance with the provisions of the law..

The dinamical evolution of the economical means, the deviations from one period to another, the structure, the balanced reports and the proportionality between different

categories of assets were analysed with the help of indicators based on data from the next table.

The data shown in the table were extracted from the financial position.

<b>Stocuri</b>	<b>31.dec.2016</b>	<b>31.dec.2015</b>
Materii prime și materiale	12.862.456	11.994.369
Producția în curs de execuție	1.121.502	1.305.257
Alte materiale	55.338	74.519
Produse finite	2.691.607	4.442.008
Valoarea stocurilor	16.730.903	17.816.153

<b>Creanțe comerciale</b>	<b>2016</b>	<b>2015</b>
Clienți	24.194.227	31.094.666
Clienți incerti	189.100	189.100
Valoarea creanțelor comerciale	24.383.327	31.283.766
Ajustări pentru deprecierea creanțelor	189.100	189.100
Ajustare constituită în an	0	0
Ajustare revărsată în an	0	0
Valoarea ajustări	189.100	189.100
Valoarea netă a creanțelor comerciale	24.194.227	31.094.666

<b>Alte creanțe</b>	<b>2016</b>	<b>2015</b>
Alte creanțe în legătură cu personalul	0	0
TVA neexigibil	48.985	99.441
Debitori diverși	2.241.584	1.930.116
Alte creanțe - subvenții de încasat	2.129.498	2.129.498
Alte creanțe - avansuri plătite	5.949.691	987.403
Valoarea netă a altor creanțe	10.369.758	5.146.458

	<b>2016</b>	<b>2015</b>
Creanțe comerciale	24.194.227	31.094.665
Alte creanțe	6.087.779	4.605.271
Numerar și echivalente de numerar	33.126.159	14.751.715
<b>Total</b>	<b>63.408.165</b>	<b>50.451.651</b>

From the analysis of the balance elements it is revealed an increase of current assets in 2016 with 17,39% on the background of the increase of cash availability with 124,56%, decrease of stock with 6,09% and decrease of debts with 15,18% in comparison to 2015.

	31/12/2016	01/01/2016
<i>Active</i>		
Active necurente		
Imobilizări corporale	58.307.330	61.351.946
Alte imobilizări necorporal	1.455.035	490.058
Investiții imobiliare	1.339.456	1.381.284
Alte active (biologice, financiare, etc)	300	77
Total active necurente	61.102.121	63.223.365
Active curente		
Stocuri	16.730.903	17.816.153
Creanțe comerciale	25.861.938	31.540.882
Cheltuieli în avans	0	736.270
Alte creanțe	4.420.068	4.159.054
Numerar și echivalent în numerar	33.126.159	14.751.715
Total active curente	80.139.068	69.004.074
Venituri în avans (subvenții)	6.059.056	7.253.085
Total active	135.182.133	124.974.354

It can be observed that the weight of noncurrent assets in total actives decreased in 2016 in comparison to 2015.

The performance of the patrimony usage was calculated by dividing the turnover to the total active.

Explicații	2015	2016
Nr. de rotații anuale ale activului	0,86	0,98

It is remarked a decrease of the number of rotation of the total active in the turnover due

to the decrease of the total actives and the decrease of the turnover.

Explicații	2015 (nr. zile)	2016 (nr. zile)
Viteza de rotație a debitelor - clienti (zile)	84	83
Viteza de rotație a creditelor - furnizori (zile)	49	50

The number of crediting days to the suppliers, in comparison to the previous year, is increased with one day and the debt collecting process, is very high, but yet lower than the previous year.

The financing sources of covering the economical means are presented in the table below :

	31/12/2016	01/01/2016
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Capitaluri proprii		
Capital social	17.766.860	17.766.860
Rezerve	27.361.244	23.295.253
Rezultat reportat	4.146.286	4.123.007
Rezultatul exercițiului	5.726.929	4.065.990
Alte rezerve și acțiuni proprii	32.026.881	32.050.161
Total capitaluri proprii	87.028.200	81.301.271
Datorii necurente		
Împrumuturi primite pe termen lung	3.911.603	0
Alte datorii pe termen lung	508.729	1.697.755
Datorii de impozit amanat	34.170	34.170
Alte datorii necurente	0	0
Total datorii necurente	4.454.502	1.731.925
Datorii curente		
Datorii comerciale	16.837.437	15.270.499
Împrumuturi pe termen scurt	25.000.000	25.000.000
Taxe curente	1.342.640	1.237.874
Alte datorii curente	519.354	432.785
Total datorii curente	43.699.431	41.941.158
Total datorii	48.153.933	43.673.083
Total pasive	135.182.133	124.974.354

- a) The profit and loss account : net vendings; brut income; elements of cost and spendings with weight of at least 20% in net vending or brut income; the risk provisions and for diverse spendings; references to any vending or stopping of a segment of activity made in the last year or one that is expected in the following year; dividends declared and paied;

**SITUATION OF PROFIT AND LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT**  
**On: 31.12.2016**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Venituri din producția vândută	119.823.081	111.615.410
Venituri din vânzarea mărfurilor	2.141.752	1.629.457
Alte venituri, inclusiv variația stocurilor	892.400	3.489.484
	122.857.233	116.734.352
Consumuri materiale	83.542.368	69.819.505

Costul mărfurilor vândute	1.726.310	1.607.661
Cheltuieli de personal	19.523.737	18.021.653
Cheltuieli privind amortizările	8.041.215	9.285.597
Alte cheltuieli	3.024.396	12.652.343
	115.858.026	111.386.759
Rezultatul operațional	6.999.207	5.347.593
Venituri financiare	432.371	694.232
Cheltuieli financiare	711.407	1.271.266
Profit înainte de impozitare	6.720.171	4.770.559
Impozit pe profit	993.242	704.569
Cheltuială cu impozitul pe profit amânat	0	0
Venituri din impozitul pe profit amânat	0	0
Profit net aferent perioadei și rezultat global total aferent perioadei	5.726.929	4.065.990
Rezultatul pe acțiune		
Rezultatul pe acțiune de bază (lei/acțiune)	0,145	0,103

Main beneficiary of the company's products remains "AUTOMOBILE DACIA" SA Pitești, not being any major modifications in the vending structure of the company or of the client.

In 2016 total income achieved was 123.289.603 lei, with 4,99% (5.861.019 lei) higher than the total income achieved in 2015, when they were in value of 117.428.584 lei. In comparison to B.V.C. 2016 a decrease was made of 11,84% (16.553.135 lei).

Exploitation income (that represent 99,65% of all income made) are 122.857.232 lei, registering a decrease of 5,25% (6.122.880 lei) in comparison to 2015.

Related to the specifications of B.V.C. 2016 it has been made a decrease of 63%, meaning 16.169.179 lei. Exploitation income were influenced in most by the decrease of finished products vending income.

The weight in total spendings is held by material spendings with ~63% remaining constantly, followed by work labour spendings that increased as weight from 16 % in 2015, to 16,75 % in 2016, the rest up to 100% representing amortisation, spendings with work and services executed by third party, financial spendings and tax spendings.

It can be also observed that in 2016 the financial spendings respresented ~0,61% of total spendings, compared to 1,13% in 2015, reaching an amount of over 0,711 milion lei.

A positive evolution, compared to the level of the inflation, had the value of vending reflected in the turnover.

<b>Explicații</b>	<b>2015</b>	<b>2016</b>
Cifra de afaceri [lei]	113.244.867	121.964.833
[ mii € ]	25.477	27.159

The economical-financial results obtained by the company is shown in the table below:

<b>Nr. crt.</b>	<b>Explicații</b>	<b>2015</b>	<b>2016</b>
1	Venituri din exploatare	116.734.352	122.857.232
2	Cheltuieli de exploatare	111.386.759	115.858.026
3	Venituri financiare	694.232	432.371
4	Cheltuieli financiare	1.271.266	711.407
	Rez. brut al exercițiului	4.770.559	6.720.170
	Rezultatul net	4.065.990	5.726.929

It can be observed that the company registered an increase of profit 2016, in comparison to 2015. In total income, the weight is detained by exploitation income, a loss being registered in financial income.

Also, in total spendings, the weight is detained by exploitation spendings followed by financial spendings, confirming the nonsatisfaction degree of financial authonomy that the company has.

- b) cash flow: all changes intervened in the cash of the base activity, investments and financial activity, the level of cash at the begining and at the end of the period

<b>Nr.crt</b>	<b>Denumire indicator</b>	<b>2015</b>	<b>2016</b>
1	Ponderea capitalului împrumutat în Cifra de Afaceri	0,24	0,24
2	Viteza de rotație a facturilor neîncasate [zile]	84	83
3	Rata profitului brut [%]	4,21	5,51
4	Perioada de recuperare a creanțelor [zile]	117	91
5	Perioada de achitare a datoriilor curente [zile]	135	131
6	Viteza de rotație a stocurilor [rotații/an]	6,43	7,06
7	Productivitatea muncii [lei/salariat]	212.467	242.435

Following, we present the main indicators that reflect the financial health status of the company in the last three years.

- ⇒ The weight of the borrowed capital is about ~24 % of turnover;
- ⇒ Brut profit rate increased in comparison to last year reaching 5,51%;
- ⇒ The commercial debt collecting period decreased to 83 days;
- ⇒ The period of total debt collection decreased to 91 days;
- ⇒ Short term debt collecting period decreased to 131 days;
- ⇒ Stock rotation speed increased to 7,06 rotations/year;
- ⇒ Productivity of work increased to 242.435 lei /employee/year.

As it can be observed from the presented data, it is necessary that the company maintains the efforts to reduce the period and the volume of credit given to clients and to reduce as possible, the stock volume.

Cash – flow was determined by indirect method.

The liquidity and treasury flux situation is presented as follows:

	Fluxuri de numerar din activitatea de exploatare	2015	2016
	Profitul net înainte de impozitare și elemente extraordinare	4.770.559	5.726.929
	Profit din exploatare înainte de modificările capitalului circulant	14.512.364	15.162.883
	Numerar generat din exploatare	2.342.143	19.083.319
	Fluxuri de numerar înaintea elementelor extraordinare	1.155.213	17.700.957
	Numerarul net provenit din activități de exploatare	1.155.213	17.700.957
	Fluxuri de numerar din activități de investiții	2015	2016
	Fluxuri net de numerar din activități de investiții	-1.965.621	-2.049.391
	Fluxuri de numerar din activități de finanțare	2015	2016
	Fluxuri de numerar din activități de finanțare	-1.059.385	2.722.578
	Creșterea / (Descreșterea) netă a numerarului	-1.869.793	18.374.444
	Numerar și echivalent de numerar la începutul perioadei	16.621.508	14.751.715
	Numerar și echivalent de numerar la sfârșitul perioadei	14.751.715	33.126.159

The total volume of the debt increased in 2016 with 10,26 %, in comparison to 2015.

In conclusion, on the background of the phenomenon manifested in the entire romanian economy, the company situates in an acceptable financial balance, but in 2016 bank loans are needed to be contracted.

From the closing of the financial year of 2016 and till the present moment , no important events for the company took place.

Chairman of the Administration Board

Doina Olimpia Stanciu

The statement of compliance with the BSE Corporate Governance Code  
as of 31 December 2016

Governance Code of BSE	Compliance	Non-compliance or partial compliance	Reason for non-compliance
<b>A. - RESPONSIBILITIES</b>			
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of this Section.		X	Terms of Reference / responsibilities of the Board and key management are contained in constituent documents of the company, updated in 2012.
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, the members of the Board must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for the adoption of a decision on the matter giving rise to this conflict of interest.		X	Provisions on the management of conflict of interest will be included in the Council Regulation which will be developed by the Board
A.3. The Supervisory Board should have at least five members.		X	The current organizational structure and leadership of the SC Sinteza SA, contained in the foundation document, sets out a number of three members to the Board of Directors. Changing the number of members will be approved by the General Shareholders Meeting and updating foundation document.

<p>A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous 5 years;</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years;</p>	<p>X</p>		<p>All three current members of the Board of Directors are non-executive. Two of the three members of the Board of Directors are independent.</p>
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A.5. Alte angajamente și obligații profesionale relativ permanente ale unui membru al Consiliului, inclusiv poziții executive și neexecutive în Consiliul unor societăți și instituții non-profit, trebuie dezvăluite acționarilor și investitorilor potențiali înainte de nominalizare și în cursul mandatului său.		X	On the company's website or BSE, professional biographies of Board members are not published. This requirement will be met with reconfiguring the internet site of the Company.
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		X	There was no such information deemed necessary by the Council.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X		There is a nominated person who held the post in the Council
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		X	Corporate Governance Statement is being Development and will include such policy
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.		X	The Board of Directors meets regularly once a month and whenever deemed necessary for the proper development of the company's activity
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.		X	The Board of Directors has a total of 3 members of which 2 are independent members
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		X	This requirement does not apply SC Sinteza SA listed on the BSE Standard Category
<b>B . RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b>			



B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		X	In the council it works an audit committee which meets the requirements of independence and competence required by BSE Code
B.2 The audit committee should be chaired by an independent non-executive member.		X	
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	Annual Audit Report contains references to the Company's internal control system.
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	Internal audit assessment is made in the Annual Report of Board
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		X	Evaluation of conflict of interest is made when deciding such transactions
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		X	There are references in the Annual Report of directors regarding this issue
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		X	Internal audit reports are made available annually to the audit committee
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards		X	
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		There are no such provisions in the foundation document or other internal regulations of the company
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.		X	It will consider the adoption by the Council of such a policy.,And including it in its corporate governance rules

B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.		X	The internal audit of the company is conducted by an independent third party entity based service contract
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		X	The internal auditor reports functionally to the Board of Administrators and the Administratively by the General Manager.
<b>C. FAIR REWARDS AND MOTIVATION</b>			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Remuneration policy should be formulated so as to allow shareholders understanding principles and arguments underlying the remuneration of Board members and the CEO and the Executive Board in the dual system. It should describe how the management process and making decisions regarding remuneration, detailing the components of the remuneration of executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the length of the contract Executive Director and the period of notice stipulated in the contract, and any compensation for unjust dismissal. Any significant change occurred in the remuneration policy to be timely published on the website of the company.		X	According to the foundation document, the Board members remuneration is the prerogative of the General Meeting of Shareholders . After developing and approving the remuneration policy will be posted on the company website.
<b>D . BUILDING VALUE THROUGH INVESTORS' RELATIONS</b>			

D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	X		
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.		X	The requirement will be implemented after it is set up the website of the company.
D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;		X	The requirement will be implemented after it is set up the website of the company.
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) including current reports with detailed information on compliance with this Code;	X		These reports and information are published on the company website
D.1.4. Information related to general meetings of shareholders: agenda and information materials; procedure for electing board members; arguments supporting nominations for election to the Council, together with their professional CVs; Shareholders with questions regarding the items on the agenda and responses from the company, including decisions adopted;	X		This information is published on the company website
D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of rights of a shareholder, including the deadlines and principles for such operations. This information will be published within a period to allow investors to take investment decisions;		X	The requirement will be implemented after it is set up the website of the company.
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;		X	The requirement will be implemented after it is set up the website of the company.
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	X		This information is published on the company website

D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	Payment of dividends is by resolution of the General Meeting of Shareholders according to the foundation document. Publication on the company's website the annual dividend distribution policy, will be made after the elaboration and approval by the company management .
D3. The company will adopt a policy regarding forecasts, whether they are made public or not. The forecast refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so-called hypotheses) by its nature, this project has a high level of uncertainty, actual results may differ significantly from forecasts initially presented. Policy regarding projections will determine the frequency and content of the period covered by the forecast. If published, the forecast can only be included in the annual, biannual or quarterly. Policy regarding projections will be published on the website of the company.		X	Publication on the company's website the annual forecasts, will be made after the elaboration and approval by the company management .
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		Rules General Meeting of Shareholders will be mentioned every meeting notice published in accordance with legal requirements about 45 days before each meeting.
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		Annual Report Directors, presented the annual General Meeting of Shareholders with the financial statements, contain the Board evaluation of internal control systems management and significant risks.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		SC Sinteza SA is open to the participation of specialists, consultants, experts or analysts at shareholders' meetings. A general set of rules and procedures in this regard will be submitted for discussion and approval of the Board
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-onquarter and year-on-year terms.	X		Starting to 2016, reports will be published both in Romanian and English

D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	X		SC Sinteza SA organizes twice a year such meetings, according to the annual calendar submitted to BSE
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area		X	A policy in this regard will be developed by the Council if will considered appropriate

S.C. UAMT S.A. Oradea  
Financial individual situation  
on 31 december 2016

Concluded in accordance with International Financial  
Reporting Standards adopted by the European Union  
based on the Order of the Ministry of Finance no  
2844/2016

**Summary**

***Financial individual situation***

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## SITUATION OF FINANCIAL POSITION

	31/12/2016	01/01/2016
<b>Active</b>		
<b>Active necurente</b>		
Imobilizări corporale	58.307.330	61.351.946
Alte imobilizări necorporal	1.455.035	490.058
Investiții imobiliare	1.339.456	1.381.284
Alte active	300	77
<b>Total active necurente</b>	<b>61.102.121</b>	<b>63.223.365</b>
<b>Active curente</b>		
Stocuri	16.730.903	17.816.153
Creanțe comerciale	25.861.938	31.540.882
Cheltuieli în avans	0	736.270
Alte creanțe	4.436.165	4.159.054
Numerar și echivalent în numerar	33.126.159	14.751.715
<b>Total active curente</b>	<b>80.155.165</b>	<b>69.004.074</b>
<b>Venituri în avans (subvenții)</b>	<b>6.059.056</b>	<b>7.253.085</b>
<b>Total active</b>	<b>135.198.230</b>	<b>124.974.354</b>
<b>Capitaluri proprii și datorii</b>		
<b>Capitaluri proprii</b>		
Capital social	17.766.860	17.766.860
Rezerve	27.361.244	23.295.253
Rezultat reportat	4.146.286	4.123.007
Rezultatul exercițiului	5.726.929	4.065.990
Alte rezerve și acțiuni proprii	32.026.881	32.050.161
<b>Total capitaluri proprii</b>	<b>87.028.200</b>	<b>81.301.271</b>
<b>Datorii necurente</b>		
Împrumuturi primite pe termen lung	3.911.603	0
Alte datorii pe termen lung	508.729	1.697.755
Datorii de impozit amanat	34.170	34.170
Alte datorii necurente	0	0
<b>Total datorii necurente</b>	<b>4.454.502</b>	<b>1.731.925</b>
<b>Datorii curente</b>		
Datorii comerciale	16.837.437	15.270.499
Împrumuturi pe termen scurt	25.000.000	25.000.000
Taxe curente	1.358.736	1.237.874
Alte datorii curente	519.354	432.785
<b>Total datorii curente</b>	<b>43.715.527</b>	<b>41.941.158</b>
<b>Total datorii</b>	<b>48.170.030</b>	<b>43.673.083</b>
<b>Total pasive</b>	<b>135.198.230</b>	<b>124.974.354</b>

General director,  
Bogdan STANCIU

Chief of financial accounting dep.  
Mircea BONTA

**SITUATION OF PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL  
RESULT**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Venituri din producția vândută	119.823.081	111.615.410
Venituri din vânzarea mărfurilor	2.141.752	1.629.457
Alte venituri, inclusiv variația stocurilor	892.400	3.489.484
	<b>122.857.233</b>	<b>116.734.352</b>
Consumuri materiale	83.542.368	69.819.505
Costul mărfurilor vândute	1.726.310	1.607.661
Cheltuieli de personal	19.523.737	18.021.653
Cheltuieli privind amortizările	8.041.915	9.285.597
Alte cheltuieli	3.023.696	12.652.343
	<b>115.858.026</b>	<b>111.386.759</b>
<b>Rezultatul operațional</b>	<b>6.999.207</b>	<b>5.347.593</b>
Venituri financiare	432.371	694.232
Cheltuieli financiare	711.407	1.271.266
<b>Profit înainte de impozitare</b>	<b>6.720.171</b>	<b>4.770.559</b>
Impozit pe profit	993.242	704.569
Cheltuială cu impozitul pe profit amânat	0	0
Venituri din impozitul pe profit amânat	0	0
<b>Profit net aferent perioadei și rezultat global total aferent perioadei</b>	<b>5.726.929</b>	<b>4.065.990</b>
Rezultatul pe acțiune		
Rezultatul pe acțiune de bază (lei/acțiune)	<b>0,145</b>	<b>0,103</b>

General Director,  
Bogdan STANCIU

Chief of financial and accounting dep.  
Mircea BONTA



## SITUATION OF OWN CAPITAL MODIFICATION

Denumirea elementului	Capital social	Rezerve din reevaluar e	Actiuni proprii	Alte rezerve	Rezultat reportat	Rezultat curent	Total
<b>Sold la 1 ianuarie 2016</b>	<b>17.766.860</b>	<b>33.365.527</b>	<b>1.315.366</b>	<b>23.295.253</b>	<b>4.123.007</b>	<b>4.065.990</b>	<b>81.301.271</b>
<b>Profit sau pierdere</b>	<b>0</b>	<b>-23.279</b>	<b>0</b>	<b>4.065.990</b>	<b>23.279</b>	<b>1.660.939</b>	<b>5.726.929</b>
- transfer rezultat reportat	0	0	0	0	4.065.990	-	0
- transfer surplus din reevaluare realizat	0	-23.279	0	0	23.279	0	0
- rezultatul exercitiului curent	0	0	0	0	0	5.726.929	<b>5.726.929</b>
- repartizare rezultat reportat la alte rezerve	0	0	0	4.065.990	-	0	0
- rezultat reportat provenit din erori	0	0	0	0	0	0	<b>0</b>
- actiuni proprii	0	0	0	0	0	0	0
<b>Alte elemente ale rezultatului global</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- surplus din reevaluare	0	0	0	0	0	0	0
<b>Tranzactii cu proprietarii</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- dividende acordate	0	0	0	0	0	0	0
<b>Sold la 31 decembrie 2016</b>	<b>17.766.860</b>	<b>33.342.248</b>	<b>1.315.366</b>	<b>27.361.243</b>	<b>4.146.286</b>	<b>5.726.929</b>	<b>87.028.200</b>

## SITUATION OF TRESUTY FLUX

Fluxuri de numerar din activitatea de exploatare		2016
Profitul net inainte de impozitare		5.726.929
<i>Ajustari privind veniturile si cheltuielile calculate (nemonetare), pentru:</i>		
- Ajustari cu deprecierea imobilizarilor (amortizari si provizioane)		8.041.915
- Ajustari cu deprecierea riscurilor si cheltuielilor (provizioane)		0
- Alte venituri nemonetare		357.140
- Alte cheltuieli nemonetare		-491.677
- Cheltuieli privind impozitele amanate		0
- Venituri privind impozitele amanate		0
<i>Ajustari privind veniturile si cheltuielile nelegate de exploatare, pentru:</i>		
- Venituri financiare (dobanzi , dif curs si alte venituri fin.)		-432.371
- Cheltuieli financiare (dobanzi si dif curs )		711.407
- Cheltuieli (calculate) si venituri din vanzarea imobilizarilor		54.510
- Venituri (calculate) din subventii pentru investitii		1.195.029
Profit din exploatare inainte de modificarile capitalului circulant		15.162.883
- Scadere / (Crestere) variatia stocurilor		1.085.250
- Scadere / (Crestere) variatia creantelor		6.138.103
- Crestere / (Scadere) variatia datoriilor		-3.302.917
Numerar generat din exploatare		19.083.319
- Dobanzi platite		-201.655
- Dobanzi incasate		4
- Cheltuieli financiare (dif. curs)		-469.405
- Venituri financiare (dif curs)		395.001
- Impozitul pe profit platit		-1.106.307
Numerarul net provenit din activitati de exploatare		17.700.957
Fluxuri de numerar din activitati de investitii		
- Plati privind achizitii de imobilizari		-2.103.601
- Incasari din vanzarea de imobilizari		54.510
Fluxuri net de numerar din activitati de investitii		-3.049.391
Fluxuri de numerar din activitati de finantare		
- Incasari din imprumuturi		3.911.604
- Plati privind rambursarea imprumuturilor		0
- Incasari din subventii pentru investitii Fonduri Europene		50.480
- Variatia datoriilor legate de operatii de finantare		-1.189.029
Fluxuri de numerar din activitati de finantare		2.722.578
Cresterea / (Descresterea) neta a numerarului		18.374.444
Numerar și echivalent de numerar la inceputul perioadei		14.751.715
Numerar și echivalent de numerar la sfarsitul perioadei		33.126.159

Director general,  
Bogdan STANCIU

Şef Depart.Financiar Contabil  
Mircea BONTA

**Policies and notes related to the presentation of the financial situation on the date  
of  
31 december 2016**

A. GENERAL PRESENTATION

Entity that reports

S.C. UAMT S.A., company established in accordance with HG 1224/23.11.1990 is specialised in: „fabrication of other parts and accesories foe vehicles and for vehicle engines” code CAEN - 2932.

It was established by transforming " The subassembly and parts for means of transport Plant" Oradea in share based company, in accordance with the provisions of the Law no.15/1990. The activity of the company began, in fact, in 1951 when, in Oradea, was founded the “BERNATH ANDREI” Plant axaed on producing articles of mass consumption for people. Starting with 1954 the unit specialises in fabrication of components for means of transport. In 1968 it runs trough massive assimilation of components for DACIA 1300 vehicle, the unit changesits name in “Enterprise of Accesories for Means of Transport” being registered in 1969 the trademark “UAMT” of the unit. With an experience of over 22 years in the field in 23.11.1990 takes place the reorganisation of the unit in shares based company, under the name S.C. “UAMT” S.A. Oradea, under the provisions of the law no.15/1990.

*S.C. UAMT S.A., has the social headquaters in Oradea, Str.Uzinelor nr.8, registered at Registry of Commerce under no. J05/173/1991, fiscal identification code RO 54620*

Descriptions of the activity

The object of activity of SC UAMT SA is stated in art. 6 of the Constitutive Act. Acoording to the classification of the CAEN code the main activity is –CAEN code 2932, ” Fabrication of otherparts and accesories for vehicles and vehicle engines”.

The activity of the company is axed on producing and commercialising parts and subassemblies for means of transport, non iron alloy molded parts, plastic injected parts, rubber vulcanised parts. The company is located in the north-west of Romaniei in

Oradea city, at 8 km from the border, in immediate proximity of E60 european road, having available the means for supplying and delivery both by railroad and by road. The technical endowment of the company situates it in the field of fine mechanics. In the company there are used the following categories of technical processes :

- a) Mechanical processing by cutting (drilling, milling, flat and round rectifying) on classical machines and CNC ;
- b) Cold pressing processes;
- c) Plastic injection parts (polietilene, poliacetal, poliamide, including glass fiber etc.) with weight up to 1,2 kg;
- d) Cathaphoresys painting;
- e) Electrochemical painting (zincking, nickel covering, chroming, black chroming, etc.).
- f) Metal welding (electrical, autogenous, metal plate welding in spots, CO2 welding ,with or without welding robots);
- g) Thermic treatments;
- h) Electroerosion processes ;
- i) Products assembly;

Main products of the company :

- Stamped parts;
- Anticorrosive protected parts by electrochemical painting ;
- Spare parts for vehicles;
- SDV-s

## **B. PRINCIPLES AND ACCOUNTING POLICIES**

### **1. Conformity declarations**

Individual financial situation were concluded in accordance with:

- Financial Reporting International Standard (IFRS), adopted by European Union
- Law 82 of 1991, of accounting, updated;
- Order 2844 of 2016 for approval of Accounting regulations in conformity with Financial Reporting International Standard, applicable to companies who's shares are transacted.

The financial individual situations at 31.12.2016 complying with reporting requirements on entities whose securities are admitted to trading on a regulated market in accordance with accounting regulations applying International Financial Reporting Standards, referred to point. 1.1 of Annex 3 to the the Ministry of Finance Order no.166 / 2017 on the main aspects of preparing and submitting annual financial statements and annual accounting reports of economic operators to the local offices of the Ministry of Public Finances.

The Company's accounting records are maintained in lei, according to Romanian Accounting Regulations (RAS). Correspondingly, accordance to RAS accounts are adjusted, if necessary, to harmonize the individual financial statements in material respects with International Financial Reporting Standards adopted by the European Union (IFRS)

The individual financial statements were authorized for issue and publication by the Board of Directors met on 03.22.2017.

## **2. Presentation of financial annuale individual situation**

Separate financial statements are presented in accordance with IAS 1 - "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity the statement of financial position and a statement of revenue and expenditure by functions in the profit or loss situation, considering that these methods of presentation provides information that is reliable and more relevant than those that would have been presented under other methods permitted by IAS 1.

Financial individual situation elaborated on 31.12.2016 include:

1. Situation of financial position
2. Situation of profit or loss and other elements of the global result
3. Situation of own capital modifications
4. Situation of treasury flux
5. Suplimentary data related to the financial individual situation given in the explicative notes

## **3. Functional Currency**

Company management considers that the functional currency as defined by IAS 21 - "Effects of change in foreign exchange" is the Romanian leu (RON), which is the currency of the primary economic environment in which the company operates and reflects the best effect of transactions and events on the entity. Separate financial statements are presented in RON, rounded to the nearest lei currency that company management chooses as presentation currency. Accounting for forex operations take both in local currency and foreign currency. By currency means currency other than lei.

#### **4. Bases of evaluation**

Separate financial statements are prepared using cost principle. Fair value principle is applied, excluding assets or liabilities for which fair value can not be determined reliably.

Evaluarea activelor și datoriilor s-a efectuat astfel:

- Stocks are evaluated at the lowest value between cost and net achievable value.
- Intangible assets are initially evaluated :
  - At acquisition cost, for those bought;
  - at the value contribution to those received as contribution in kind to the establishment / capital increase;
  - at just value from the date of receiving for those received freely

For subsequent recognition, the society has adopted the revaluation model.

- intangible assets were initially measured at cost. After recognition, intangible assets are accounted for using the cost model, at a cost less a depreciated and any accumulated impairment losses. Cash and cash equivalent are presented in balance at cost.

Financial assets and financial liabilities are initially recognized at fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue.

After initial recognition, financial assets are recognized at fair value through an account of reserves (reserves from fair value measurement) within equity without any deduction of transaction costs except for loans and receivables which are measured at amortized

cost using the effective interest method. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost, revalued amount or historical cost.

## **5. Using estimations and prejudgements**

Preparation of financial statements in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") involves the use by management of estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments and assumptions associated with these estimates are based on historical experience and on other factors deemed reasonable in light of these estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that can not be obtained from other sources of information.

Estimates and assumptions underlying them are regularly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision and future periods affects both the current period and future periods.

Perceptions by nature not related to prior periods and is not the correction of an error. Notwithstanding the presentation of the effect of the change in estimate shown above, if such a change gives rise to changes in assets and liabilities or equity, the effect will change this by adjusting assets, liabilities or equity in the period of the change

## **6. Significant accounting policies**

The accounting policies have been applied consistently to all periods presented in the financial statements prepared by the company. Separate financial statements are prepared on the assumption that the company will continue in the foreseeable future. To assess the applicability of this assumption, the management reviews the forecasts of future cash flows.

If a standard or interpretation applies specifically to a transaction, other event or condition, the accounting policies applied to that element, it is considered chosen by applying the standard or interpretation in question, taking into account any

implementation guide issued by the IASB for standard or interpretation in question. Accounting policies are applied consistently for transactions, events and other similar conditions, unless a standard or an interpretation requires or permits the classification categories for which different policies may apply to the foregoing.

Found significant errors in prior periods regarding the recognition, measurement, presentation or disclosure of elements of financial statements need to be corrected retrospectively in the first set of situations that are authorized for issue by:

- restating the comparative amounts for the period or prior periods in which the error occurred; or
- restating the opening balances of assets, liabilities and equity for the earliest period presented, if the error occurred before the earliest prior period presented
- restating the comparative amounts for the period or prior periods in which the error occurred

#### **a). Conversion in foreign currency**

##### Reference currency

Items included in the separate financial statements are measured in national currency, the Romanian leu (RON) currency that most faithfully represents the economic substance of events separate financial statements are presented in Romanian lei (RON), which is the reference currency of S.C. UAMT S.A

##### Transactions and balance

Transactions in foreign currencies are recorded in accounting, both in foreign currency and in lei (RON). Conversion of transactions in a foreign currency into Romanian lei (RON) is performed based on the exchange rate in effect on the date on which transactions take place.

Availability, assets and liabilities recorded in a currency other than the Romanian leu, the existing balance at the end of a financial year shall be valued at the exchange rate communicated by B.N.R. for the last banking day of the year.

Gains and losses on foreign exchange differences resulting from the settlement of



transactions in other currencies and from the translation of assets and monetary liabilities denominated in foreign currencies are recognized in the income statement in the financial result, unless they are registered according specific legislation in equity as instruments for hedging cash flows.

Translation differences for debt securities and other monetary financial assets measured at fair value are included in gains or losses on foreign exchange differences. Translation differences related to non-cash items such as equity securities, are reported as:

- a) as part of the gain or loss from the adjustment to fair value for the shares held for trading;
- b) Included in the revaluation reserve within equity if the shares available for sale.

Exchange rates of main foreign currency were:

Valuta	31 decembrie 2016	31 decembrie 2015
Euro (EUR)	4,5411	4,5245
Dolar american (USD)	4,3033	4,1477

#### **b). Cash and cash equivalent**

Cash and cash equivalent are presented in balance at cost. In order cash flow statement, cash and cash equivalents comprise the house, bank accounts, including deposits with a maturity of three months or less, cash in transit and overdraft facilities. In the balance sheet, overdraft facilities are recognized as current liabilities in short-term loans.

#### **c). Actives and financial debts**

Non-derivative financial assets and liabilities held by the Company:

- accounts receivable and payable;
- notes receivable and payable;
- availability in domestic and foreign;
- short-term bank loans;

The Company classifies financial instruments held as prescribed by IAS 39 made in the category: Loans and receivables

Trade receivables are assets of the company resulting from transactions with natural or legal persons, relations following which the company delivered a good, a service

rendered or executed work and who should receive an equivalent value or consideration, into for a period of time up to 2 months.

According to International Accounting Standard IAS 39 - "Financial Instruments: Recognition and Measurement", claims the company is financial assets created by the company through the supply of goods or services directly to a debtor other than those that are initiated with the intent to be sold immediately or in short, to be categorized as held for trading.

Trade payables arise from transactions with natural or legal persons (purchase of goods, works or services), the company must make a payment or consideration in a time up to a maximum of 3 months.

International Accounting Standard IAS 1 - "Presentation of Financial Statements" debt classified as current when: (1) are expected to be paid in the normal operating cycle; or (2) is payable within 12 months after the balance sheet date. Trade payables are classified as current, regardless of their maturity.

Receivables and payables are presented in accordance with IAS 1, the balance sheet structure. It states that the tax assets and liabilities are not included in the category of financial instruments, they should be presented separately. They should be recognized only when the company becomes part of a contract and, therefore, has the legal right to receive cash or, respectively, has a legal obligation to pay.

At the end of each month foreign currency receivables and payables are measured at the exchange rate of the currency market, the central bank communicate the last banking day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from foreign exchange differences, if applicable.

Interest payable and receivable are recorded financial expense or income. Currency transactions of sale shall be accounted at the rate used by the bank undergoing tender without these accounts to generate foreign exchange differences.

## **Tangible assets**

### **Evaluation and recognition**

Tangible assets are initially recognized as an asset at cost by the company. Tangible assets are initially measured at cost (for the purchased against payment), the amount of

intake (for those received as contribution in kind to the establishment / capital increase), and at fair value at the acquisition date (for calls received free of charge).

The cost of an item of property, plant and equipment comprises the purchase price, including taxes irrecoverable after deducting any discounts, commercial and any costs directly attributable to bringing the asset to the location and condition necessary for it to be used in purpose intended by management, such as staff costs arising directly from the construction or acquisition of assets, the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees.

Under IFRS 1, if an entity uses fair value as deemed cost for an item of property, plant and equipment, investment property or an intangible asset when opening financial position, the first financial statements of the entity prepared in accordance with International Financial Reporting Standards have submit for each item in the opening statement of financial position in accordance with international financial Reporting standards:

- *agreed value of the fair values and*
- *agregated adjustment of the accounting values reported in accordance with the previous statements*

The value of tangible and intangible assets of the Company as of December 31, 2015 and December 31, 2016 is detailed in Note 1 and 2.

For subsequent recognition, the society has adopted the revaluation model. Revalued asset value being its fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Revaluations are performed by independent evaluators certified ANEVAR.

Revalued amount (extra) cost of purchasing substitute. Differences in addition revaluation is reflected in accounting from other comprehensive income and accumulated in equity under the heading of revaluation surplus (unless the increase reverses a revaluation decrease earlier the same asset previously recognized in profit or loss case the increase is recognized directly in profit or loss). Differences in minus revaluation are recognized in profit or loss (unless the decrease offsets an increase in the previous revaluation, accumulated in equity in revaluation surplus, in which case the reduction is recognized in other comprehensive income, reducing surplus revaluation).

The revaluation surplus included in equity in respect of an item of property is transferred directly to retained earnings when the asset is recognized. This involves transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss and are subject to appropriate restrictions possible for distribution to shareholders.

Amounts paid or payable, generated daily repairs and maintenance of tangible assets are expensed owned company, according to accrual accounting, the corresponding impact on our income statement for the period.

Amounts paid or payable generated by operations that build value and / or life by upgrading tangible assets owned, ie those operations lead to a significant improvement in the technical parameters, the growth potential of generating economic benefits to them are capitalized (increase in the carrying amount of that asset). Amortizare Cheltuielile cu amortizarea pentru fiecare perioadă sunt recunoscute în profit sau pierdere numai dacă nu sunt incluse în valoarea contabilă a unui alt activ. Amortizarea se calculează la valoarea contabilă (costul de achiziție sau valoarea reevaluată) utilizându-se metoda de amortizare liniară, de-a lungul duratei utile de viață estimată a activelor și se include lunar pe cheltuielile societății.

## **Amortisation**

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to operate in the manner intended by management.

Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS - 5 "Non-current assets held for sale "and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset is not used or is decommissioned, unless it is fully depreciated. However, according to the usage methods of depreciation the depreciation charge can be "zero" when there is no production. Each part of an item of property at significant cost to the total cost of the item shall be depreciated separately. The residual value and useful life of an asset shall be reviewed at least at each financial year-end. If expectations differ from previous estimates, the change (s) shall be accounted for (e) as a change in accounting estimate in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Land is not impaired, the impairment of other tangible assets is calculated using

the straight-line method allocating costs related to residual value in line with life related.

The life of fixed assets existing at present is:

- Constructions 40-60 years
- cars and technical installations 8-15 years
- Transport means 4-5 years
- Furniture and desk appliances 2-16 years

### **Depreciation**

An asset is impaired when its carrying amount exceeds its recoverable amount. At each reporting date, the entity must verify that there are indications of impairment of assets. Where such indication exists, the entity shall estimate the recoverable amount of the asset. If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus presents a credit balance of that asset. Reducing recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

### **Derecognition**

- The carrying amount of an item of property, plant and equipment shall be derecognised:
- On disposal; or
- When no longer expected any future economic benefit from its use or disposal.

The gain or loss arising from the derecognition of an item of property to be included (a) in profit or loss when the item is derecognized. Gains shall not be classified as revenue.

### **e). Intangibles**

#### **Evaluation and recognition**

Of an asset as an intangible asset entity must demonstrate that the item meets:

a) the definition of an intangible asset that is:

- Is separable, ie capable of being separated or divided from the entity and sold,

transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondent; or

- Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

b) the recognition criteria, namely:

- It is probable that future economic benefits expected to be attributable to the asset will flow to the entity;

- The cost of the asset can be measured reliably

An intangible asset shall be measured initially at cost.

The cost of a separately acquired intangible asset comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

b) any directly attributable cost of preparing the asset for its intended use.

For intangible assets acquired free of charge or for a symbolic consideration, through a government grant, the entity recognizes the asset initially at nominal value plus any expenses directly attributable to preparing the asset for its intended use.

Intangible assets under generally accepted regulations can not be acquired through the exchange of assets, which are treated as separate supplies.

Amortization:

Expenditure related to purchases of manufacturing patents, trademarks and licenses is capitalized and amortized on a straight line basis over the useful life of the assets, which can not exceed 5 years.

Average amortization period for intangible assets is 3-5 years

#### **f). Real estate investment**

Investment properties are real estate (land, buildings or parts of buildings) held by the company to earn rentals or increase the value, or both, and not for use in the production or supply of goods or services or for administrative purposes or to be sold in the ordinary course of business.

Certain properties include a portion that is held to earn rentals or for increasing the value and another portion that is held for the production of goods, provision of services

or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), they are accounted for separately. If the parties can not be sold separately, the property is treated as investment property only if the portion used for the production of goods, provision of services or for administrative purposes is insignificant.

## **Recognition**

Investment property is recognized as an asset if, and only if:

- It is probable that future economic benefits associated with the item to enter the entity;
- Cost of the asset can be determined reliably.

## **Evaluation**

Investment property is initially measured at cost, including transaction costs. The cost of a purchased investment property comprises its purchase price plus any directly attributable expenditure (for example, professional fees for legal services, property transfer taxes and other costs of trading). The cost model is specified in IAS 16 - "Tangible" and provides that an investment property is assessed after the initial assessment at amortized cost less any accumulated impairment loss.

The value of investment property of the company on 31 December 2015 and 31 December 2016 is detailed in note 3.

subsequent measurement

The company's accounting policy on subsequent measurement of investment property cost model is applying IAS 16 - "Tangible". This policy is applied uniformly to all investment property. If they meet the requirements to be classified for sale will be assessed in accordance with IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations"

## **Transfers**

Transfers to or from investment property are made when, and only when there is change in use that asset. To transfer an investment property at fair value in property, the cost of the asset default in its subsequent accounting purposes will be its fair value at the date

of change in use.

### **Impairment**

The same accounting policies as for tangible assets.

### **Derecognition**

The carrying value of investment property is derecognized on disposal or when the investment is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising on the disposal or sale of an investment property are recognized in profit or loss when it is scrapped or sold.

### **g). Presentation of financial leasing contracts**

Financial leasing at the beginning of the period is recognized in the statement of financial position as assets and liabilities in an amount equal to the fair value of the asset leased or the present value of minimum lease payments, if the latter is less, each determined to Earlier lease. Finance lease gives rise to depreciation expense for depreciable assets, pecum and finance expense in each period contabilă. Politica amortization used for depreciable leased assets should be consistent and in accordance with IAS 16 and IAS 38. If there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Presentation of information at the end of the reporting period is the carrying amount of each asset class.

### **h). Subsidies on assets**

Government grants relating to assets, including non-monetary grants at fair value, should be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in the carrying amount of the asset. Are regarded as acceptable alternatives Two methods of presentation of grants (or quotas - appropriate subsidies) on assets in the financial statements.

The method used by SC UAMT SA, deducts the grant in calculating the carrying amount



of activului. Cota part of the grant is recognized in profit or loss over the life cycle of a depreciable asset as a depreciation deduction for the expense.

#### **i). Stocks**

Inventories are valued at the lower of cost and net realizable value in accordance with IAS 2 - "Inventories".

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the location and condition are found. This is determined based on the first in, first out (FIFO). Utilizes method for manufacturing activity is a cost standard. La determine the cost of stock of products manufactured, taking into account normal levels of consumption of materials, supplies, labor and efficient use of production capacity. These levels are periodically reviewed and adjusted in light of current conditions.

Net realizable value represents the estimated selling price in the ordinary course of business, less costs of completion and selling expenses.

#### **j). Impairment of assets other than financial**

The carrying amount of the company's assets that are not financial in nature, other than deferred tax assets, are reviewed at each reporting date to identify the existence of indications of impairment. If such indication exists, the recoverable amount is estimated assets. An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount of the asset or cash-generating unit.

A cash-generating unit is the smallest identifiable group that generates cash and independently of other assets and groups of assets other's ability to generate cash flows. Impairment losses are recognized in the income statement. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell the asset or units. To determine value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date to

determine whether decreased or no longer exists. The impairment loss shall be resumed if was a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only if the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **k). Dividends**

Provisions are recognized when the company has a legal or constructive obligation arising from past events when required to settle the obligation is an outflow of resources embodying economic benefits and when a reliable estimate can be made regarding the amount of the obligation.

#### **m) Income**

Revenues recorded by the company are recognized by their nature (operating and financial).

When the outcome of a transaction involving the rendering of services can not be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable. Revenues from the provision of services are recorded in the accounts are made. Including the provision of services includes the execution of works and other operations that can not be treated as supplies of goods. For longer required recognition that it is probable that the economic benefits associated with the transaction will flow to the company, the final stage of the transaction at the end of the period and costs incurred for the transaction and to complete the transaction can be measured reliably.

Revenue from the sale of goods is recognized when it has transferred the significant risks and rewards of ownership, the company no longer manages the property and does not have effective control over them. Revenues and expenses which relate to the same transaction are recognized simultaneously.

Revenue is measured at the fair value of the consideration received or receivable. If the

transaction is financial, fair value is determined by discounting all future receipts using an imputed rate of interest, the difference over the carrying amount is interest income. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, if an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. Amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

Income and interest expenses are recognized using the effective interest method proportional to the relevant period of time, based on the principle and the effective rate over the period to maturity or shorter periods if this period bind transaction costs, it is established that the company will obtain such income. When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition; only the post-acquisition portion is recognized as revenue.

Income from financial assets are recognized in the financial statements of the date on which society is established right to receive the income.

Also as income from financial assets is recorded nominal value of the shares received free of charge, as a result of direct incorporation of the profit for the latest period in the capital of an entity to which they hold shares.

Revenues from sale / disposal of shareholdings will be recognized at the date when their ownership is transferred from seller to buyer, using settlement date accounting.

Revenues from sales of equity securities are recognized on a gross basis (transaction value) and those arising from transactions with short-term financial investments are recorded on a net basis (the difference between sale proceeds and cost).

#### **n).Employee's benefits**

##### Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the income statement as far as services are provided. Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when services are rendered. The

Company recognizes a provision for the amounts expected to be paid in cash awards in the short or schemes for staff participation in profit while the company currently has a legal or constructive obligation to pay those amounts as a result of past service rendered by employees and if the obligation can be estimated reliably.

#### Defined contribution plans

The Company makes payments on behalf of their employees to the Romanian State pension system, the health insurance system and the unemployment fund, in the normal course of business. All relevant contributions are recognized in profit or loss for the period when incurred.

The Company has no further obligations.

#### Long-term employee benefits

Company's net obligation in respect of services related to long-term benefits is the amount of future benefit that employees have earned in return for services rendered by them in the current and prior periods.

The Company is not engaged in any independent pension scheme or other post retirement benefit system and does not have any other obligations in this regard. The Company has no obligation to grant benefits to employees at retirement date.

#### **o). Gains and losses from foreign exchange differences**

Foreign currency transactions are recorded in the functional currency (leu), by converting the amount in foreign currency at the official exchange rate of the National Bank of Romania for at trade date. Monetary items denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences arising during the settlement of monetary items or the conversion of monetary items at rates different from those at which they were converted on initial recognition (during the period) or in previous financial statements are recognized as a gain or loss in profit or loss in the period in which they occur.

#### **p). Profit tax**

Tax on profit for the period comprises current tax and deferred tax. Profit tax is

recognized in the statement of comprehensive income or in other comprehensive income when the tax is related capital items. Current tax is the expected tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date and all adjustments related to prior periods. For the year ending 31 December 2016, the income tax rate was 16% (31 December 2015: 16%). Deferred tax is provided using the balance sheet of the company for temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount used for reporting separate financial statements.

Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill,
- The initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting profit or the tax differences from investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated using tax rates expected to apply to temporary differences in their replay, the laws in force at the reporting date. Assets and liabilities deferred tax are offset only if a legally enforceable right to offset debts and claims current tax and whether they are related to the tax adjusted by the same taxation authority on the same entity subject to taxation or tax authorities different but which wish to settle claims and current tax liabilities using the net or related assets and liabilities will be realized simultaneously.

Deferred tax asset is recognized only to the extent that society is probable that future profits that can be used to cover the tax loss. The claim is reviewed at each financial year and is reduced to the extent that the related tax benefit is unlikely to be realized.

#### ***r). Result per share***

The Company presents basic earnings per share for ordinary shares. Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity holders of the weighted average number of ordinary shares outstanding over the reporting period.

#### ***s). Segments reporting***

A segment is a distinct component of the company that provides products or services (business segment) or providing products and services in a particular geographical

environment (geographical segment) and is subject to risks and rewards that are different from those of other segments. On 31 December 2016, the company has not identified reportable business segments or geographic significant volume of exports to turnover being presented in the Annual Report on page 7.

**t). Determination of fair value**

Certain of the Company's accounting policies and disclosure requirements require the determination of fair value for both financial assets and liabilities and for non-financial. Fair values were determined for evaluation and / or disclosure purposes based on the methods described below. Where appropriate, additional information on the assumptions used in determining fair value are disclosed in the notes specific to the asset or liability. Fair value is the price that would be received from the sale of an asset or the price that would be paid to transfer a liability in a normal transaction between market participants at the measurement date, whether this price is observable or estimated using a technique the direct assessment. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would consider in determining the price of the asset or liability at the measurement date.

In plus, in financial reporting purposes, fair value measurements are classified in Level 1,2 or 3, depending on the degree to which the information required to determine the fair value

They are observable and importance of this information for the Company, as follows:

- Information Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company evaluates;
- Information Level 2 - information other than quoted prices included within Level 1 that are observable for the asset or liability measured directly or indirectly; and
- Information Level 3 - unobservable inputs for the asset or liability information

Fair values were determined for evaluation and / or disclosure purposes based on the methods described below. When appropriate, additional information on the assumptions used in determining fair values are disclosed in the notes specific to the asset or liability.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted using a market rate financing to specific reporting date. This value is determined for information purposes. (Level 3)

The fair value of these items is estimated as the present value of future cash flows representing principal and interest, discounted using a market rate at the reporting date specific funding

financial. Această value is determined for information purposes. (Level 3)

The fair value of these items was determined from a review conducted by an independent appraiser, member ANEVAR, using the comparative method for land and financial flows updating method for buildings. (Level 2)

#### **u). New standards and interpretations not applied by the company**

The following amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union are in effect in the current period:

- Amendments to IFRS 10 "Consolidated Financial Statements" adopted by the EU 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 11 "Joint ventures", adopted by the EU in December 11, 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 12 "Information presented on interests in other entities", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 1 "Presentation of Financial Statements" - Initiative on disclosure requirements - adopted by the EU on 18 decembrie 2015 (applicable for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of depreciation methods acceptable - adopted by the EU on December 2, 2015 (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 "Employee Benefits" - defined benefit plans: employee contributions - adopted by the EU on December 17, 2014 (applicable for annual periods beginning on or after 1 February 2015)
- Amendments to IAS 27 "Separate Financial Statements" - the equity method individual financial statements - adopted by the EU on December 18, 2015 (applicable for annual periods beginning on or after 1 January 2016)

→ Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) with the main goal to remove inconsistencies and clarify certain formulations - adopted by the EU on December 17, 2014 (applicable for annual periods beginning on or after 1 January 2016)

→ Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) with the main goal to eliminate inconsistencies and to clarify certain formulations - adopted by the EU on December 15, 2015 (applicable for annual periods beginning on or after 1 January 2016).

**Standards and interpretations issued by the IASB, adopted by the EU but not yet in force:**

The Company does not apply IFRS or some new provisions not adopted IFRS issued and the date of the financial statements. The Company can not estimate the impact of this provision on the financial statements and intends to apply these provisions with the entry into force.

**v) Presentation of Financial Statements**

This set of financial statements is prepared in accordance with International Financial Reporting Standards. The Company has adopted reporting under International Financial Reporting Standards with effect from 31 December 2012.

The accounting policies have been applied consistently to all financial years presented, unless otherwise specified. For individual financial statements it was applied accrual and going concern. The company says it has prepared annual financial statements for the year ended 31 December 2016 in accordance with International Financial Reporting Standards as they are approved by the European Union applicable to companies whose securities are admitted to trading on a regulated market, the Order Deputy Prime Minister, Minister of public finance no. 2844/2016, as amended and supplemented. Separate financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in



the statement of financial position and a statement of income and expenditure according to their nature in the statement of comprehensive income, considering that these methods of presentation provides information that is more relevant than other methods that have been IAS 1 permits.

## **C. PRESENTATION NOTES**

All presentation notes related to this set of financial statements should be read and construed in conjunction with those presented in previous financial statements.

### **1. TANGIBLE**

Tangible assets are recognized in accordance with IAS 16 (revised 2003) using the allowed alternative treatment standard. Values used in the opening balance sheet IFRS represents fair value for tangible assets at date of transition to IFRS "of its deemed cost at that time" IFRS1 BC41. Buildings were valued at 31 December 2013 through a comparison method and cost method by Eng. Andor Mircea - member ANEVAR and the accounting fair value of fixed assets was recorded by removing accumulated depreciation. Borrowing costs (interest and fees associated with these loans) that are directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset. Depreciation is linear payback are set between 4-60 years. Tangible heritage emerged from the sale, disposal or other output modes are reflected in profit and loss at net book value. Revaluation difference related to them shall be deemed made only to the sale or disposal of property and transfer it to the account 1175 "earnings representing surplus from revaluation reserves" In value of 2,793,043 lei, representing the value of the entries of property, the amount of 1,696,954 lei represents the value of tangible inputs and the value of 1,096,089 lei represents the value of intangible assets inflows. There were no adjustments for impairment of fixed assets constituted. In the current economic climate, the company has analyzed internal and external sources of information in order to apply the provisions of IAS 36 - "Impairment of Assets" and therefore considered that an adjustment is necessary to register on the nature Impairment of plant and vehicles.

#### ***Situation of tangibles***

31 decembrie 2016	Terenuri	Construcții	Instalații tehnice și mașini	Alte instalații, utilaje și mobilier	Imobilizări corporale în curs	Avansuri	TOTAL
Sold inițial	13.169.060	23.101.537	53.668.010	390.488	446.066	51.311	90.826.472
Intrări	0	186.750	207.056	31.208	1.271.940	3.870.432	5.567.386
Ieșiri	0	0	152.000	5.926	276.054	461.747	895.727
Sold final	13.169.060	23.288.287	53.723.066	415.770	1.441.952	3.459.996	95.498.131
Ajustări							
31 decembrie 2016	Terenuri	Construcții	Instalații tehnice și mașini	Alte instalații, utilaje și mobilier	Imobilizări corporale în curs	Avansuri	TOTAL
Sold inițial	0	3.812.384	25.483.613	178.529	0	0	29.474.526
Ajustări de valoare reprezentând amortizare și deprecieri	0	1.543.171	6.241.198	86.866	0	0	7.871.235
Ajustări de valoare aferente mijloacelor fixe ieșite	0	0	152.000	2.959	0	0	154.959
Sold final	0	5.355.555	31.572.811	262.436	0	0	37.190.801
Valoarea netă a mijloacelor fixe la 31 decembrie 2016	13.169.060	17.932.732	22.150.255	153.334	1.441.952	3.459.996	58.307.330

## 2. INTANGIBLES

La 31 decembrie 2016 imobilizările necorporale nete se prezintă astfel:

Cost	2016	2015
Sold inițial	933.928	875.529
Intrări	1.096.089	68.758
Ieșiri	0	10.359
Sold final	2.030.017	933.928
Ajustări de valoare	2016	2015
Sold inițial	443.870	318.329
Ajustări de valoare reprezentând amortizare și deprecieri	131.112	135.900
Ajustări de valoare aferente ieșiri imob. necorporale	0	-10.359
Sold final	574.982	443.870
Valoarea netă a imobilizărilor necorporale	1.455.035	490.058

Intangible assets are initially recognized at cost under IAS 38 - "Intangible Assets" (revised). This group includes licenses for software and licenses recorded at historical cost design subject to linear depreciation over a period of 3 to 5 years.

### 3. Realestate investments

In accordance with IAS 40, and the situation on la 31 december 2016 realestate investments are:

Cost	2016
Sold inițial	1.464.938
Intrări	0
Diferențe din rezerve reev.	0
Modificări ale valorii juste	0
Sold final	1.464.938

- the amortisation method isd the linear one;
- he useful lives of the two buildings are 37 years to 18 years.

### 4. STOCKS

Inventories are recognized in the financial statements in accordance with IAS 2 - "Inventories" (revised in 2003) applicable for annual periods beginning on January 01, 2005. They consist of:

a) Raw materials and consumables - inputs of raw materials and consumables are at purchase cost, quantity and value are highlighted, and the giving of the consumer using the FIFO method. The criteria were the basis for determining the slow moving inventory and no movement, are those related to the date of the last trip of the warehouse company and capitalizing on their opportunities. Inventory accounting organization is performed by perpetual inventory method. There were no adjustments for impairment of value created.

b) Other materials-inventory items - are recorded at cost of acquisition and the output of divisions for inventory items into use is performed at historical book value.

In management, sourcing is the need to measure consumption and storage period is

small. Inventory items into use are recognized in full as expenses on Management distinct locations depending on their usefulness. Their bookkeeping is extra-kept.

c) Finished products - are manufactured in the company's stock value and intended for sale.

Stocks of finished goods and work-in-progress is stated at standard cost.

Accounting is accomplished by perpetual inventory method.

d) Commodities - represents a shrinking share of stocks that are transferred from raw materials to their goods when sold, highlighting the purchase price plus trade margins established by decision of the executive management.

Inventory accounting organization is performed by perpetual inventory method. Output management method used is FIFO.

Stock situation, the structure is as follows:

<b>Stocuri</b>	<b>31.dec.2016</b>	<b>31.dec.2015</b>
Materii prime și materiale	12.862.456	11.994.369
Producția în curs de execuție	1.121.502	1.305.257
Alte materiale	55.338	74.519
Produse finite	2.691.607	4.442.008
Valoarea stocurilor	16.730.903	17.816.153

## **5. TRADE RECEIVABLES**

Trade receivables consist of the balance of society through which the company leverages customers' finished products on domestic market and foreign market. The value of domestic receivables is reflected at historical cost. They are recorded according to their age and type. Receivables are presented in the financial statements by their nature likely amount to be collected. 31 December 2016 the company has recorded adjustments for trade receivables balance representing clients who are unlikely to be cashed by the company. Depending on the liquidity period, the carrying amount of receivables is as follows:

<b>Creanțe comerciale</b>	<b>2016</b>	<b>2015</b>
---------------------------	-------------	-------------

Clienți	24.194.227	31.094.666
Clienți incerți	189.100	189.100
Avansuri	1.667.711	446.216
Valoarea creanțelor comerciale	26.051.038	31.729.982
Ajustări pentru deprecierea creanțelor	189.100	189.100
Ajustare constituită în an	0	0
Ajustare revărsată în an	0	0
Valoarea ajustări	189.100	189.100
Valoarea netă a creanțelor comerciale	25.861.938	31.540.882

Structure per oldness of trade receivables at reporting date were:

<b>Analiza vechimii</b>	<b>31 dec.2016</b>	<b>31 dec.2015</b>
Creanțe nescadente	24.083.616	30.950.545
Creanțe restante neajustate:		
până la 3 luni	0	0
între 3 și 6 luni	36.378	27.915
între 6 și 12 luni	37.441	2.029
peste 12 luni	36.792	114.177
TOTAL	24.194.227	31.094.666

## 6. OTHER TRADE RECEIVABLES

Other trade receivables represent amounts to be cashed by the company from settlements with personnel, sundry debtors and grants receivable .

<b>Alte creanțe</b>	<b>2016</b>	<b>2015</b>
Alte creanțe în legătură cu personalul	0	0
TVA neexigibil	48.985	99.441
Debitori diverși	2.241.584	1.930.116
Alte creanțe - subvenții de încasat	2.129.497	2.129.497
Alte creanțe	16.097	-
Valoarea netă a altor creanțe	4.436.165	4.159.054

## 7. CASH AND CASH EQUIVALENT

In lei and foreign currency accounts are remunerated with an interest rate set by each bank. The Company has no established term deposits, having open credit line.

## 8. SUBVENȚII

31 December 2015 included heading investment subsidies machines purchased through the "POS - Increase of Economic Competitiveness" developed by MECMA between 2012 -2013 for the project "Provision of high-tech equipment" project financed by the European Regional Development Fund. The method used by the company deducts the grant in calculating the carrying amount of the asset. Share of the grant is recognized in profit or loss over the life cycle of a depreciable asset as a depreciation deduction for the expense.

<b>SUBVENȚII</b>	<b>2016</b>	<b>2015</b>
Sold inițial	7.253.085	8.447.414
Recunoscute în contul de profit sau pierdere	1.194.329	1.194.329
Sold final	6.059.056	7.253.085

## **9. SOCIAL CAPITAL**

All shares are ordinary shares, were subscribed and fully paid 31 December 2016.

All shares have equal voting rights and a nominal value of 0.45 lei / share. The number of shares authorized to be issued is equal to the shares issued. The securities of the Company (shares) are listed and traded on Tier II of the Bucharest Stock Exchange. All shares have equal voting rights. During the years 2016 and 2015 there were no changes in the number of issued shares.

<b>Aționari</b>		<b>Număr acțiuni</b>	<b>Valoare (lei)</b>	<b>Procente</b>
TOTAL conform Depozitarului Central la 31.12.2015, din care:		39.481.911	17.766.860	100%
1.	ASOCIAȚIA "PAS-UAMT"	14.081.168	6.336.526	35,67%
2.	Persoane juridice	4.238.196	1.907.188	10,73%
3.	Persoane fizice române și străine	21.162.547	9.523.146	53,60%
TOTAL conform Depozitarului Central la 31.12.2016, din care:		39.481.911	17.766.860	100%
1.	ASOCIAȚIA "PAS-UAMT"	14.081.168	6.336.526	35,67%
2.	Persoane juridice	4.232.889	1.904.800	10,72%
3.	Persoane fizice române și străine	21.167.853	9.525.534	53,61%

## **10. REPORTED RESULT**

Earnings derived from application of IAS 29 on equity (share capital, legal reserves and other reserves), the effect of applying for the first time the International Financial

Reporting Standards less IAS 29 and the surplus from revaluation performed transferred to retained earnings .

	<b>2016</b>
Sold initial, la 01.01.2016	4.123.007
Intrări	23.279
Ieșiri	-
Sold final, la 31.12.2016	4.146.286

## 11. CURENT RESULT

The current result for the year are recognized all items of income and expenses during the reporting period.

	<b>2016</b>
Sold inițial	4.065.990
Intrări rezultat curent	5.726.929
Ieșiri repartizarea profitului	4.065.990
Sold final	5.726.929
Valoarea profit net de repartizat	5.726.929

## 12. OTHER RESERVES

For subsequent recognition of the tangible assets, the Company adopted the revaluation model (IAS 16 pct.29). Based on the asset value in accordance with the revaluation model (IAS 16 pct.31) being its fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The value revaluation reserve on December 31, 2016 is 33,342,248 lei being presented under IAS 1. 91 letters has no related tax effects. At the reporting date the company holds 1,315,366 own shares worth lei.

According to legal requirements, the company creates legal reserves in the amount of 5% of gross registered under RAS up to 20% of the share capital. The value of statutory reserve on December 31, 2016 is 3,553,372 lei. Revaluation reserves and legal reserves are subject to restrictions on the distribution to shareholders. Other reserves include amounts distributed from profits on financial reporting periods other sources of funding for investments under the development strategy of the company in the long term

<b>2016</b>	<b>Rezerve din reevaluare</b>	<b>Rezerve legale</b>	<b>Alte rezerve</b>	<b>TOTAL</b>
Sold inițial	33.365.527	3.553.372	19.741.881	56.660.780

Intrări	0	0	4.065.990	4.065.990
Ieșiri	23.279	0	0	23.279
Sold final	33.342.248	3.553.372	23.807.871	60.703.491

### 13. LONG TERM LOANS

Loans were secured by mortgage on fixed achizitonate of means of credit. Investment loans are recognized at the proceeds. Borrowing costs (interest and commissions related to these loans) that are directly attributable to the acquisition are included in the cost of that asset.

In the course of 2016 because the company has not capitalized interest for purchases that were accessed loans were put into operation. 31 December 2016 the company had not refunded amounts representing long-term loans.

At the end of 2016 was accessed a credit for investments worth 1,900,000 Euro, Desin acquisition of machinery and equipment in order to update and develop the technological level of the company. Rate reimbursements and interest payments will impact the next financial periods.

### 14. OTHER LONG TERM LOANS

The company has debt and other loans as assimilated and three finance leases whose value remaining balance on 31.12.2016 is in the amount of 508.729 lei and 31

December 2015, the balance was similar debt 1,697,755 lei.

On 31.12.2016, the company is carrying out the following leases:

Nr. crt.	Denumire	Nr. contract	Valoare lei	Valoare eur
1	PRESA SCHULER MSD2-400	103183	251.652	55.417
2	PRESA BEUTLER MC 3000	103184	193.918	42.703
3	AUTOTURISM BMW	106907	63.159	13.908
	TOTAL		508.729	112.028

### 15. COMMERCIAL DEBTS

Trade payables relate to underwriting liabilities to third natural or legal persons resulting from the purchase of goods, property or services use.

Datorii comerciale	2016
Furnizori	16.623.305



Furnizori de imobilizări	206.736
Furnizori facturi nesosite	7.395
Valoarea datoriilor comerciale	16.837.436

## 16. SHORT TERM LOANS

On 31.12.2016, the company has a short-term loan in the form of a credit line designed to finance current activity in multiproduct 25,000,000 lei.

## 17. CURENT TAXES

Current fee structure in the balance at reporting date is as follows:

<b>Impozite și taxe curente</b>	<b>2016</b>
Asigurări sociale	511.292
Ajutor somaj	15.849
Impozit pe profit	-
TVA de plată	618.056
TVA neexigibil	-
Impozite aferente salariilor	213.540
Sold final la 31.12.	1.358.737

Tax liabilities are amounts owed by the company to the state budget, debt for which the state provides no other consideration or a consideration. At the reporting date the company has no outstanding debts to the state budget.

## 18. OTHER CURENT DEBTS

<b>Alte datorii curente</b>	<b>2016</b>
Datorii salariale	452.139
Garanții personal	0
Creditori diverși	67.215
Sold final la 31.12.	519.354

## 19. EXPLOITATION INCOME

Revenue is the gross inflow of economic benefits arising in the course of normal activity of the company.

	<b>31/12/2016</b>	<b>31/12/2015</b>
Venituri din producția vândută	119.823.081	111.615.410
Venituri din vânzarea mărfurilor	2.141.752	1.629.457
Alte venituri, inclusiv variația stocurilor	892.400	3.489.484
Total venituri din exploatare	122.857.233	116.734.352

## 20. SPENDINGS

	<b>31/12/2016</b>	<b>31/12/2015</b>
Consumuri materiale	83.542.368	69.819.505
Costul mărfurilor vândute	1.726.310	1.607.661
Cheltuieli de personal	19.523.737	18.021.653
Cheltuieli privind amortizările	8.041.215	9.285.597
Alte cheltuieli	3.024.396	12.652.343
Total cheltuieli de exploatare	115.858.026	111.386.759

## 21. FINANCIAL INCOME AND SPENDINGS

	<b>31/12/2016</b>	<b>31/12/2015</b>
Venituri financiare	432.371	694.232
Cheltuieli financiare	711.407	1.271.266

## 22. PROFIT TAX

The Company calculates income tax in accordance with tax legislation in the amount of 993 242 Romanian lei. In calculating the profits for the financial year 2016 the company has complied with general accounting principles and valuation rules, which must be taken in order to obtain tax relief.

Reconciliation between the result and outcome of the fiscal year, as presented in the statement of income tax is as follows:

	<b>Perioada 01.01.2016-31.12.2016</b>	<b>VALORI</b>
1	VENITURI TOTALE, din care:	123.289.603
A	TOTAL VENITURI IMPOZABILE	123.289.603
2	CHELTUIELI TOTALE, din care:	116.569.433
	REZERVA LEGALĂ	0
3	PROFIT BRUT CONTABIL(1-2)	6.720.170
5	IMPOZIT PE PROFIT (cota de 16%)	993.241

### Tax on delayed profit

Significant components of the deferred income tax-debt included in the financial statements at 31 December 2016, a 16% share are the following:

	31.dec.16	31.dec.15
Beneficiile angajaților	0	0
Impozit amânat - datorie	34.170	34.170
IMPOZIT AMÂNAT	34.170	34.170

Impozitul pe profit recunoscut în situația profitului sau a pierderii aferent perioadei:

Impozit curent	31.dec.16	31.dec.15
Cheluiala cu impozitul curent aferentă anului	993.242	704.569
Impozit amânat		
Cheltuiala cu impozitul amânat recunoscută în cursul anului	0	0
Venitul din impozitul amânat recunoscut în cursul anului	0	0
Total cheltuială cu impozitul pe profit	993.242	704.569

### 23. RESULT PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the weighted average number of ordinary shares outstanding during the period in accordance with IAS 33 - "Earnings per Share". There are no tools for net assets or stock options that could dilute basic profit per share.

Rezultatul pe acțiune	31.dec.2016	31.dec.2015
Profitul net atribuibil proprietarilor societății	5.726.929	4.065.990
Numar mediu ponderat de acțiuni ordinare	39.481.911	39.481.911
Profit pe baza de acțiune	0,145	0,103

During 2016 there were reductions or issue of ordinary shares of the reporting entity, which could dilute basic earnings per share profit.

### 24. INFORMATION RELATED TO EMPLOYEES

At the end of 2016, comparatively to 2015, the structure of employees based on types of activity was :

nr. crt.	Cheltuieli de personal	Nr. efectiv de personal	
		2015	2016
1.	Total personal producție, din care:	434	425
2.	Personal TESA	77	78
3.	Total personal	511	503

The data presented above that the number of employees in 2016 decreased compared to the previous year by 4.89%. At company level, labor law regarding factors such as trade union staff interests are represented by employee representatives.

The Company has assumed obligations for pension plans, other than those provided by Law no.263 / 2011 on the unitary public pension.

Employee benefits expenses and allowances granted to the Board of Directors and management (directors with mandate contract), by gross salaries and social contributions were:

<b>Elemente</b>	<b>31.dec.16</b>	<b>31.dec.15</b>
Cheltuieli cu salariile și indemnizațiile	14.875.521	13.625.963
Cheltuieli cu tichetele de masă și de vacanță	1.241.119	1.263.442
Cheltuieli privind asig. și protecția socială	3.407.097	3.132.248
<b>Total cheltuieli beneficii :</b>	<b>19.523.737</b>	<b>18.021.653</b>

In the period under review, the Company recorded expenses the amount of lei, representing the rights of salary due to the members of the Board and management have concluded mandate contracts. The Company has no contractual obligations regarding the payment of pensions to former members of the Board of Directors, management and supervision, having accounted for such obligations. The Company has not and does not lend or granted advances, except for salary advances and those to cover travel expenses for members of the Board and management. the company has no such obligations accounted for in the balance sheet 31 December 2016.

## 25. MAIN FINANCIAL-ECONOMICAL INDICATORS

<b>Denumirea indicatorului</b>	<b>Mod de calcul</b>	<b>Valori</b>	<b>Rezultat</b>
1. Indicatorul lichidității curente	Active curente	80.155.165	1,83
	/Datorii curente	43.715.528	
2. Indicatorul gradului de îndatorare	Capital împrumutat	4.454.502	5,12
	/Capital propriu x 100	87.028.200	
2. Indicatorul gradului de îndatorare	Capital împrumutat	4.454.502	4,87
	/Capital angajat x100	91.464.365	
3. Viteza de rotație a debitelor – clienți	Sold mediu clienți	27.644.446	83
	/Cifra de afaceri x 365	121.964.833	(nr. de zile)
4. Viteza de rotație a activelor	Cifra de afaceri	121.964.833	1,99
imobilizate	/ Active imobilizate	61.102.121	(nr. de ori)

The overall liquidity does not exceed the minimum level of safety of 1.8 - 2 thus ensuring a diminished ability to pay obligations due in the short term. Indebtedness (total liabilities /total assets) expresses the extent to which the firm finances its assets through borrowed funds (loans). While turnover is increasing compared to 2015, decreased customer claims and Dz, decreased by approx. one day.

## **26. RELATED PARTY TRANSACTIONS**

The Company is not involved in relationships with related parties, having interests in other companies or subsidiaries established

## **27. ADMINISTRATION OF SIGNIFICANT RISKS**

The Company is exposed to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational Risk

These notes provide information on the company's exposure to each of the aforementioned risks, the company aims to assess and manage risk and capital management procedures used. Company policies risk management are defined to ensure the identification and analysis of risks facing the company, establishing appropriate limits and controls, and risk monitoring and compliance with the limits set. Financial assets, which may subject the company to collection risk are mainly trade receivables and cash and cash equivalents. The Company has implemented a series of policies that ensure that the sale of products are made to customers with an appropriate collection. Net debt value adjustments for impairment represents the maximum amount at risk of collection. The situation on the seniority of claims is presented in Note 5 Trade receivables.

### **a. Credit risk**

Policies and risk management systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company, through its training standards and procedures and management, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations. Review missions auditor performs standard controls and risk management procedures, the results of which are presented to the Board of Directors.

Credit risk is the risk that the Company to incur a financial loss as a result of the failure of contractual obligations by a customer or counterparty to a financial instrument, and this risk derives primarily from trade receivables and financial investments of the company. The Company has a significant concentration of credit risk. The Company applies specific policies to ensure that sales of products and services shall be such as credit granted is adequately and continuously monitors the age of the receivables.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum exposure to credit risk.

The maximum exposure to credit risk at the reporting date was:

	<b>2016</b>	<b>2015</b>
Creanțe comerciale	24.194.227	31.094.665
Alte creanțe	6.087.779	4.605.271
Numerar și echivalente de numerar	33.126.159	14.751.715
Total	63.408.165	50.451.651

The maximum exposure to credit risk on loans and receivables at the reporting date by geographic region was:

	<b>2016</b>	<b>2015</b>
Piața internă	24.135.656	30.519.999
Alte regiuni	58.571	574.667
- zona UE	30.104	453.186
- zona non UE	28.467	121.281
Total	24.194.227	31.094.666

The volume of domestic sales made by beneficiaries was 97.36% of turnover. Foreign market sales volume was achieved at a rate of 2.64% of turnover. On this market is liaising with traditional customers who know and promote the company's products.

The Company has established a credit policy under which each new customer is analyzed individually in terms of creditworthiness and in some cases require references provided by banks before being signed firm contracts for the sale.

In order to monitor credit risk of customers, they are grouped according to credit risk characteristics, taking into account their classification as natural or legal persons,

internal or external customers, seniority, maturity and existence of previous financial difficulties. Customers classified as high risk are monitored, that future sales will be made on the basis of advance payment or bank guarantee using various tools receipts.

#### **b. Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash. Society's approach on liquidity risk is to ensure, as far as possible, that it has at all times sufficient liquidity to meet liabilities when they become due, both under normal conditions and under harsh conditions without incurring material losses or jeopardizing the company's reputation.

Overall the company is ensuring that it has sufficient cash to cover expected operational expenses, including the payment of financial obligations.

The Company continually monitors liquidity risk by preparing regular cash flow forecasts. To cover liquidity risk that could arise if the available money can not cover the need for financing, the company has contracted lines of credit in lei and foreign currency.

#### **c. Market risk**

Romanian economy is evolving, with a lot of uncertainty about the possible direction of policy and economic development in the future. Company management can not predict the changes that will take place in Romania and their effects on the financial situation the results of operations and cash flows of the company.

##### Currency risk

The Company is exposed to foreign currency risk through sales, purchases, availability and its loans which are denominated in currencies other than the functional currency of the company, however the currency in which the most transactions is RON.

##### Exposure to currency risk:

Currencies which expose society to this risk are primarily EUR. The resulting differences are included in the Statement of comprehensive income and does not affect cash flow until the liquidation of the debt. 31 December 2016 the Company holds cash and cash

equivalents, trade receivables and trade payables in foreign currency remaining financial assets and financial liabilities are denominated in lei.

The exchange rates of the national currency against the EUR and USD, calculated as the average rate recorded during the reporting year and the previous year and exchange rates by the National Bank of Romania on the last day of the year were:

Moneda	Curs mediu		Curs spot la data raportării	
	2016	2015	2016	2015
EUR	4,4908	4,4450	4,5411	4,5245
USD	4,0592	4,0057	4,3033	4,1477

#### Sensitivity analysis

The Company has not classified assets or financial liabilities with fixed interest rates at fair value through profit or loss or available for sale. Therefore, a change in interest rates at the reporting date would not affect the income statement.

From sensitivity analysis of cash flow for instruments with floating interest rate that an increase in interest rates by 1% at the reporting date would have caused a drop in profit under significance level . This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. A depreciation of interest rates by 1% on 31 December 2015 would have led to the same effect, but to the contrary on the amounts presented above, considering that all other variables remain constant.

#### d. Operational risk

Operational risk is the risk of incurring losses or reaching the estimated profits due to internal factors such as conduct inappropriate to internal activities, a structure personnel or schemes leading inadequate or because of external factors such as economic conditions, changes in the capital market and technological progress. This risk is inherent in all activities of the company. Defined policies for operational risk management took into consideration each type of events that can generate significant risks and ways of their manifestations, to eliminate or reduce financial losses or reputational nature.

#### 28. CAPITAL ADEQUACY

In order to support ongoing development of society and achieving the investment



objectives, policy management regarding capital adequacy focuses on maintaining a sound capital base. Equity includes share capital structure, different kinds of reserves, retained earnings and shares. Equity increased to EUR 87.0282 million lei

## **29. SEGMENT REPORTING**

The Company has one operating segment in accordance with IFRS. Information on products and services - The Company does not provide information because they are not available and the cost to develop it would be excessive. Information on geographical areas - the Company does not provide information because they are not available and the cost to develop it would be excessive. Information on main customers - company provides products and services largely only in Romania. Turnover of the 121 964 833 lei is composed primarily of revenues from a significant client namely Automobile Dacia SA

## **30. SUBSEQUENT EVENTS BALANCE**

Based on the information that we have so far, the ownership structure did not change significantly until the date of issuance of these financial statements and did not intervene no other significant events subsequent to the closure of the financial year. Net profit in 2016 will be distributed in order to ensure the continued development of the Company. Will not distribute dividends. Except for the above, we have no acquaintance about events after the balance sheet date that would lead to significant influences on the data presented in the individual financial statements prepared for the year 2016.

## **31. BOARD PROPOSAL FOR DISTRIBUTION OF NET PROFIT**

The Board of Directors proposes to the General Meeting of Shareholders under the provisions of OMPF 2844/2016, the allocation of net profit in 2016 amounting to 5,726,929 lei, as follows:

→ amount of 5,726,929 lei to be allocated to other reserves - funding sources

Individual annual financial statements were approved by the Board of Directors on 22.03.2017.

General Director,

Chief of Finanacial-accounting dep.

## DECLARATION

The undersigned STANCIU Bogdan Ciprian as Director General and BONTA Mircea Gabriel as Chief of Financial and Accounting department at SC UAMT SA, we declare the following:

- The annual individual financial situation were made in conformity with the IFRS applicable to companies who's securities are admitted to trading on a regulated market, approved by OMFP nr.2844/2016.
- The accounting policies used at drafting the individual financial situations are in conformity with the aplicable accounting regulations
- The individual financial situation made in conformity with the IFRS offers an accurate image of the financial position, financial performance and other information related to the activity deployed.
- The company conducts its activity in conditions of continuity.
- We are not aware, on the present date of declaration, of other information, events, circumstances that can alter significantly the above declaration

General Director  
STANCIU Bogdan Ciprian

Chief of Financial and Accounting department  
BONTA Mircea Gabriel

SC LEOCONT EXPERT SRL  
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15 / 23.03.2017

INDEPENDENT AUDITOR'S REPORT  
To the Shareholders of U.A.M.T. S.A. Oradea

Audit Report on the Annual Financial Statements

Opinion on the individual financial statements

1. We have audited the individual financial statements of the company U.A.M.T. SA (Company) issued on December 31st 2016, comprising of the statement of financial position as of December 31st 2016, the income statement, the statement of changes in equity and the cash flow statement for the year ended on that date, and the notes to the individual financial statements for the year then ended, including a summary of significant accounting policies. The main elements which characterize the financial statements are:

- Turnover: 121.964.833 lei
- The net result: 5.726.929 lei
- Equity: 87.028.200 lei

2. In our opinion, the individual financial statements of U.A.M.T. SA present fairly, in all material respects, the financial position of the company as of December 31st 2016, its financial performance and its cash flows for the year ended on that date, in accordance with Accountancy Law no. 82/1991, republished, as amended and supplemented, the Order of the Minister of Public Finance no. 881/2012 on the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards and the Order of the Minister of Public Finance no.

2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards, as amended and supplemented.

The basis for our opinion

3. We conducted our audit in accordance with the International Auditing Standards (IAS). Our responsibilities under these standards are described in detail in the section Auditor's Responsibilities for the audit of financial statements from our report. We are independent of the company, in accordance with the Code of Ethics for Professional Accountants (the Code IESBA) issued by the Council for International Standards of Ethics for Accountants in conjunction with the ethical requirements relevant to the audit of financial statements from Romania and we met the ethical responsibilities under these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key aspects of the audit

4. The key audit aspects are those issues that, in our professional reasoning, had the greatest importance to the audit of the financial statements of the current period. These issues were addressed in the context of auditing the overall financial statements and forming our opinion on them and we do not provide a separate opinion on these issues.

The main aspects to be considered were:

i) Assessment of tangible assets

(Note 1 to the financial statements)

Risk: assertions regarding the evaluation of tangible assets may be at risk of significant distortions that manifest in the non-application accounting regulations applicable to the valuation of tangible assets under IAS 16 Tangible assets, at the reporting date.

Our response to these risks of material misstatement regarding the valuation of tangible assets meant that we performed tests by which we observed the nature of expenses capitalized in the cost of modernized assets in 2016. We considered the risks identified with the accounting treatments presented by the company in previous years in connection with the modernization of tangible assets existing at the reporting date and performed procedures by which we obtained reasonable assurance that there are no material misstatements regarding these assertions.

#### Assessment of inventories

(Note 4 to the financial statements)

Risk: Management assertions on stock assessments may present risks of material misstatement which may manifest in the sense of non-application of applicable accounting inventory valuation regulations at the reporting date, at the lower of cost and net realizable value.

Our response to the risks of material misstatement in the stock assessments assumed tests by which we noticed the nature of expenses capitalized in the cost of production. We tested the impairment of inventories estimated by the company's management taking as baseline the net realizable value and we performed procedures that provided reasonable assurance that there are no significant distortions on these assertions.

#### Assessment of receivables

(Note 5 and 6 to the financial statements)

Risk: As required by applicable accounting regulations, management assertions made on the assessment of filed claims at the reporting date by presenting them at the amount they are expected to be obtained.

Our answer to the risks of material misstatement related to assertions of the Company's management on the evaluation of these receivables at the reporting date, resulted in audit procedures in which we tested the recognition of doubtful receivables and tests of recalculation of the impairment for those receivables whose maturity has been exceeded by more than a year, respectively disputed claims, and there was no material misstatement. It is worth mentioning that the company has one significant customer, with whom they have contracts and firm commitments.

#### iv) Continuity of the activity

(Note 25 and 26 to the financial statements)

Risk: The entity's management is responsible for assessing the assumptions of the company's operations' continuity for the preparation of the financial statements.

Our response focused on understanding the risks of material misstatement regarding the management's assertions on continuity and we analyzed issues relating to the evolution of the company, the income and expense budget approved for the financial year 2017, we examined the reports and minutes of the Board of directors' meetings and of the

General meetings of Shareholders, as well as contracts engaged for the financial year 2017.

All these risks have led us to the conclusion that:

- the presumption of continuity in the preparation of annual financial statements, assumed by the management of the Company, is appropriate;
- we have not identified any material uncertainty that may question the ability of the Company to continue its activity in the foreseeable future.

Other matters:

a) We note that our mandate was limited exclusively to achieving the statutory audit in relation to the individual financial statements of the Company, issued on December 31st 2016, we were not appointed to the audit of consolidated financial statements, if it were the case for the company.

b) The independent auditor's report is addressed solely to the shareholders of the company. Our audit work has been undertaken to report to the Company's shareholders those matters we are required to report in the auditor's report and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders as a whole, for our audit work, for this report, or for the opinions we have formed.

c) The financial statements accompanying the audit report are not intended to present the financial position, results of operations and a complete set of notes to the financial statements, according to regulations and accepted accounting principles in other countries and jurisdictions other than Romania. Therefore, the accompanying financial statements are not designed for those who do not know the legal and accounting regulations in Romania.

Responsibilities of management and those charged with governance for the financial statements

5. Management is responsible for the preparation and the true and fair presentation of the individual financial statements in accordance with Accountancy Law no. 82/1991, republished, as amended and supplemented, Order of the Minister of Public Finance no. 881/2012 on the application by companies whose securities are admitted to trading on a

regulated market of the International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards, as amended and supplemented.

6. This responsibility includes:

- a) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements free from material misstatement, whether due to fraud or error;
- b) Selection and application of appropriate accounting policies;
- c) Making accounting estimates that are reasonable in the circumstances.

7. In preparing the financial statements, Management is responsible for assessing the company's ability to continue its activity, presenting, where appropriate, issues relating to the principle of continuity and its application, unless management either intends to liquidate the company or down operations, or has no realistic alternative beyond. Those charged with governance are responsible for overseeing the financial reporting process of the company.

Auditor's Responsibilities in an audit of financial statements:

8. Our objective is to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as issuing an auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with IAS will always detect a material misstatement, if there is one. Distortions can be caused either by fraud or error and are considered significant if it can be expected, reasonably, that they, individually or together, will influence the economic decisions of users taken based on these financial statements.

9. As part of an audit in accordance with IAS, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also: identify and assess risks of material misstatement of the financial statements, whether due to fraud or error,

and design audit procedures in response to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Detection risk that a material misstatement is due to fraud is higher than the detection of a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations and avoiding internal control. We understand internal control relevant to the audit, for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company.

We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. To draw a conclusion on the appropriateness of the use by management of accounting based on the principle of continuity and determine, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the company's ability to continue its activity. If we conclude that there is significant uncertainty, we must take note in the auditor's report of the presentation of the financial statements or, if these disclosures are inadequate, to change our opinion. Our conclusions are based on the audit evidence obtained up until the date of the auditor's report. However, future events or conditions may cause the company to no longer operate under the principle of continuity.

We assess the presentation, structure and general content of the individual financial statements, including disclosures, and whether the financial statements reflect the main transactions and events in a manner that achieves fair presentation. We communicate to those charged with governance, among other issues, the audit plan and timing of the audit and the main audit findings, including any significant deficiencies in internal control that we identified during the audit. Moreover, we provide those responsible for governance a statement that we comply with ethical requirements relevant to independence and that we communicate all relationships and other matters which might assume, reasonably, that affect our independence, and if appropriate, the related safeguards. Among the issues communicated with those charged with governance, we determine which are the most important to the audit of the financial statements of the current period and are therefore key audit issues. We describe these issues in the auditor's report, unless laws or regulations prohibit public disclosure of the issue or when, in extremely rare circumstances, we believe that a matter should not be presented



in our report because it is reasonably expected that the benefits of public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory requirements:

10. The directors are responsible for preparing and presenting the directors' report in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards, Chapter III, points 15-20, which does not contain material misstatements and for such internal control as management considers necessary to enable the preparation of the directors' report that does not contain material misstatement, whether due to fraud or error.

Directors' Report, presented over 29 pages, is not a part of the individual financial statements. Our opinion on the individual financial statements does not cover the directors' report and we do not express any assurance conclusion thereof.

In connection with our audit of the individual financial statements, we have read the directors' report accompanying the individual financial statements and we report that:

- a) the directors' report did not identify information that is not consistent in all material respects with disclosures in the accompanying individual financial statements;
- b) the Directors' Report identified above includes, in all material respects, the information required by the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards, Chapter III, points 15-20;
- c) Based on our knowledge and understanding acquired during the audit of financial statements for the year ended on December 31st 2016 of the company and its environment, we have not identified any information contained in the Directors' report to be significantly flawed.

Oradea, March 23rd 2017

Independent auditor,

S.C. LEOCONT EXPERT SRL

Registered with the Chamber of Financial Auditors of Romania (CAFR) no. 164

represented by,

ec. Bochiş Leonica

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