

**SC "LEOCONT EXPERT" SRL Oradea, Bihor**

*Str. Piata 1 Decembrie, nr.15, ap.3,*

*CUI RO 12767350; J05/185/2000*

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**"U.A.M.T." S.A. ORADEA**

***INDEPENDENT AUDITOR'S REPORT***

Nr. 17/ 19.03.2019

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors and Shareholders of  
U.A.M.T. S.A. Oradea**

**Report on the audit of financial statements**

### ***Unmodified Opinion***

- 1 We have audited the individual financial statements of **U.A.M.T. S.A.** ("**The Company**"), with its registered office in Oradea, Uzinelor Street, no. 8, Bihor County, identified by the unique fiscal registration code RO 54620, which includes the balance sheet as at December 31st 2018, the profit and loss account, the statement of changes equity and cash flow statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
- 2 The individual financial statements as at December 31st 2018 are identified as follows:
  - Equity: **100.585.293 lei**
  - Overall result for the period – net profit: **1.977.555 lei**

In our opinion, the accompanying separate financial statements provide a true and fair view of the Company's financial position as of December 31, 2018, as well as its financial performance and cash flows for the year then ended, in accordance with Order 2844/2016 by the Ministry of Public Finance for the approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

### ***Basis for opinion***

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3 We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537 of the Parliament and of the European Council (hereinafter "the Regulation") and Law no. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent from the Company, in accordance with the Ethics Code of Professional Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements that are relevant for the audit of the financial statements in Romania, including the Regulations and the Law, and we have fulfilled the ethical responsibilities according to 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 opinion.

### **Key audit aspects**

4 Key audit issues are those aspects that, based on our professional judgment, were of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key issues.

The main issues taken into consideration were:

#### **a. Assessment of property, plant and equipment**

Information on the valuation of tangible assets is presented in Note 1 to the individual financial statements.

Risk: Management assertions on the valuation of property, plant and equipment can present significant misstatements in the absence of the application of the applicable accounting regulation for the measurement of property, plant and equipment, in accordance with IAS 16 Property, Plant and Equipment, at the reporting date.

Our response to these risks of material misstatement in the valuation of property, plant and equipment requires tests to observe the nature of the expense capitalized in the cost of the assets acquired in the year 2018. We have taken into account the risks identified in the accounting treatments presented by the Company in the previous financial years in connection with the upgrades to existing property, plant and equipment at the reporting date, and we have performed procedures in which we have obtained reasonable assurance that there is no material misstatement of these assertions.

#### **b. Inventories Valuation**

The information on the valuation of inventories is presented in Note 4 to the individual financial statements.

Risk: Management assertions regarding inventory valuation may present risks of material misstatement as a result of not applying the applicable accounting

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regulations for stock valuation at the reporting date to the minimum between cost and net realizable value.

Our response to these risks of material misstatement in inventory valuation has led to tests through which we observed the nature of the expenses incurred in the cost of production. We tested the depreciation of inventories as estimated by the management of the company by taking the net realizable value as the basis of reference and we performed procedures to obtain a reasonable assurance that there is no material misstatement of these assertions.

### **c. Continuity of activity**

Continuity of business information is presented in Notes 25 and 27

Risk: The entity's management is responsible for assessing and assessing the business continuity premises when preparing the financial statements.

Our answer was to understand the risks of material misstatement in connection with management assertions on the continuity of business, and we analyzed aspects of the Company's evolution, the revenue and expenditure budget approved for the financial year 2019, we examined the summaries and minutes of the Board of Directors' Meetings, and General Meetings of Shareholders, as well as contracts for the financial year 2019.

All of these risks have led us to believe that:

- the presumption of continuity of activity in the preparation of the annual financial statements assumed by the management of the Company is adequate;
- we have not identified any significant uncertainty that might cast doubt on the Company's ability to continue its business in a foreseeable future.

## **Other Information - Administrators' Report**

- 5 Administrators are responsible for compiling and presenting other information. That other information includes the Administrators' Report but does not include the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and, unless it is explicitly mentioned in our report, we do not express any assurance about it.

With regard to the audit of the financial statements for the year ended 31 December 2017, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have obtained during the audit, or if they appear to be significantly misstated.

Regarding the Administrators' Report, we read and report on whether it was drawn up in all material respects in accordance with Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, Chapter III, points 15-19.

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On the sole basis of the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Administrators' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- b) The administrators' report was drawn up, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, Chapter III, points 15-19.

In addition, based on our knowledge and understanding of the Company and its environment acquired in the course of our audit of the financial statements for the year ended December 31st, 2017, we are required to report whether we have identified significant misstatements in the Administrators' Report. We have nothing to report on this issue.

### ***Responsibilities of management and those responsible for governance for the individual financial statements***

- 7 The management of the company is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and with the OMFP no. 2844/2016 of 12 December 2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards and for such internal control as management considers necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.
- 8 In preparing the individual financial statements, the management is responsible for assessing the Company's ability to continue its operation, presenting, where appropriate, aspects referring to the business continuity and for using accounting based on the business continuity, unless the management either intends to liquidate the company or to stop its operations, or has no other realistic alternative.
- 9 The persons in charge with the governance are responsible for the surveillance of the financial reporting process of the Company.

### ***Auditor's responsibilities in an audit of financial statements***

- 10 Our objectives are 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 represents a high level of assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be

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given that they, individually or collectively, will influence the economic decisions of users, when made on the basis of these financial statements.

- 11 As part of an audit in accordance with ISAs, we express a professional judgment and maintain professional scepticism throughout the audit. Also:
  - We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, we design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, deceit, deliberate omissions, false statements, and avoidance of internal control.
  - We understand the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
  - We formulate a conclusion on the appropriateness of management's use of accounting based on the continuity of activity, and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the company's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw attention to it in the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.
  - We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.
- 12 We communicate to those responsible with governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant internal control deficiencies that we identify during the audit.
- 13 We also provide to those responsible for governance a statement that we have complied with ethical requirements relevant in terms of independence and that we have communicated all relationships and other matters which we reasonably might assume that affect our independence and where appropriate, the corresponding protective measures.
- 14 Among the aspects communicated to those in charged with the governance we determine which ones are the most important for the audit of financial statements of the current period and therefore which ones represent key audit aspects. We describe these aspects in the auditor's report, unless laws or regulations prohibit public disclosure of the aspect

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or of the case in which, in extremely rare circumstances, we believe that should not be communicated in our report since they are reasonably envisaged that the public interest overcomes the negative consequences of this communication.

**Report on other legal and regulation provisions**

15 We have been appointed by the General Assembly of the Shareholders in 2016 by the additional act no. 2 from 09.12.2016 to the services' contract no. 6 of December 1, 2010 to audit the financial statements of U.A.M.T. S.A. for the financial years 2016, 2017, 2018. The uninterrupted total duration of our commitment is 15 years, covering the financial years ended December 31st, 2004, until December 31st, 2018.

We confirm that:

- In conducting our audit, we have retained our independence from the audited entity.
- We did not provide for the Company the non-audited non-audited services referred to in Article 5 (1) of EU Regulation no. 537/2014.

*On behalf of*

**LEOCONT EXPERT SRL**

*Oradea, Bihor County, Piata 1 Decembrie Street, no. 15, ap.3*

Member of the Chamber of Financial Auditors of Romania (CAFR ) under no. 164

**Bochiş Leonica - Partner**

Member of the Chamber of Financial  
Auditors of Romania (CAFR) under no. 706

**Oradea, March 19th 2019**