S.C. MECANICA CEAHLĂU S.A.®
610202 Piatra Neamţ – România, str. Dumbravei nr. 6
J 27/8/1991; CUI:2045262; cont BCR RO 45 RNCB 0196027797940001
capital social subscris și varsat: 23 990 846 lei
tel.: 0040 233 211104, 213893, 215820; fax 0040 233 216069, 210423,
e-mail:ceahlau@mecanicaceahlau.ro; web:www.mecanicaceahlau.ro

In the attention of: **Stock Exchange Bucharest**
Authority of Financial Supervision

A. Trimester Report on 30.09.2016 of the Board of Directors

Report date: 11.11.2016
Trade company denomination:
SC „MECANICA CEAHLĂU" S.A. PIATRA NEAMŢ
Registered office: Piatra Neamţ Dumbravei Street no.6, code 610202
Phone/fax number: 0233-21.58.20 / 0233-21.60.69
Unique registration number at the Trade Registry: RO 2045262
Order number at the Trade Registry: J.27 / 8 / 08.01.1991
Share capital subscribed and paid: 23.990.846 lei
Regulated market on which there are traded the issued securities: BVB.
Transaction symbol: MECF.

1. Synthesis of financial and economical indicators on 30.09.2016

Information on the economical and financial situation of SC Mecanica Ceahlau SA for the third trimester 2016 have been presented in the Financial statements on 30.09.2016, drawn up in conformity to the International Standards of Financial Reporting, adopted by the European Union and OMFP no. 1286/2012. The reporting currency of financial statements is the Romanian leu.
The Structure and evolution of the assets items, debts and equities of the company, in comparison to the same period of the previous year, is the following:

1.a. Individual situation of the financial position

BALANCE SHEET ELEMENTS	IIIrd Trimester 2016	IIIrd Trimester 2015
Total fixed assets, of which:	**22,042,279**	**23,155,175**
Tangible assets	21,440,413	22,620,746
Intangible assets	136,235	68,798
Real estate investments	465,631	465,631
Total current assets, of which:	**38,372,422**	**36,646,047**
Stocks, of which:	15,766,915	14,893,339
Own production stocks	13,551,507	14,037,952
Merchandises distribution stocks	2,215,408	855,387
Trading debts and other debts	14,590,944	17,116,317
Expenses registered in advance	95,196	80,150
Financial assets at their real value	3,036,005	2,963,981
Cash and equivalents in cash	4,883,362	1,592,260

TOTAL ASSETS	**60,414,701**	**59,801,222**
Total equities, of which:	**51,884,668**	**50,951,849**
Share capital	23,990,846	23,990,846
Reserves	18,996,588	18,974,465
Financial year result	2,510,806	2,541,446
Reported result	9,090,026	8,166,661
Other elements of equities	-2,703,598	-2,721,569
Total debts	**8,530,035**	**8,849,373**
Total long term debts, of which:	**2,878,478**	**3,024,905**
Long term loans	279,350	320,380
Provisions for pensions	166,720	475,306
Debts on the deferred tax	2,432,408	2,229,219
Total current debts, of which:	**5,651,557**	**5,824,468**
Short term loans	114,274	94,661
Trading debts and other debts	5,511,096	5,242,696
Incomes registered in advance	2,846	52,648
Provisions	23,341	434,463
TOTAL EQUITIES AND DEBTS	**60,414,701**	**59,801,222**

Current assets are higher with 4,71% in comparison to the IIIrd Trimester 2015 due to the increase of the money availabilities, introduced in the financial assets, of cash and of cash equivalences.

Total stocks are higher with 15.766.915 lei, with an increase of 5,86 % in comparison to the same period of the previous year, increase due to the increase of the products stocks in distribution, with 159%.

	30th September 2016	**30th September 2015**	%
Raw materials and materials	1,430,771	2,310,281	62%
Production in execution progress	2,592,204	2,003,658	129%
Semi-products	64,112	0	100%
Finite products	9,601,555	9,920,116	97%
Merchandises (products in distribution)	2,215,408	855,387	259%
Depreciation regulations	-137,136	-196,103	70%
Stocks at their net value	**15,766,915**	**14,893,339**	**106%**

The equity of 51.884.668 lei increased with 1, 83 % in comparison to the IIIrd Trimester 2015. The capacity for generating the net profit of the period, of 2.510.806 lei determined the increase of equities on 30.09.2016.

Total debts, of 8.530.035 lei, register a decrease of 3, 60 % in comparison to the ones on 30th September 2015.

Trading debts increased with 5% in comparison to 30th September 2015, the increase resulting from the invoices received for the merchandise in distribution progress.

	30th September 2016	30th September 2015	%
Trading debts - suppliers	1,749,013	2,198,842	80%
Trading debts - distribution suppliers	2,136,120	1,358,229	157%
Social insurances and other fees and taxes	1,313,333	1,324,184	99%
Other creditors	312,631	361,441	86%
Total	**5,511,096**	**5,242,696**	**105%**

On 30th September 2016, the company didn't have any problem in honoring its payment obligations to the suppliers.

Other debts, inclusively the fiscal debts and social insurances debts decreased with 0,8% in comparison with the date of 30th September 2015 and include mainly the current debts related to the personnel, to the social insurances budget and to the state budget.
On 30th September 2016, the company didn't have outstanding debts, of the indicated type.

1.b. Individual situation of the global result

The company Mecanica Ceahlau SA ended the IIIrd Trimester 2016 with a turnover of 29,206,428 in increase with 28,24% in comparison to the IIIrd trimester of 2015.

The turnover registered on 30th September 2016 has been 14,69% higher in comparison to the BVC.

INDICATORS	IIIrd Trimester 2016	IIIrd Trimester 2015
Incomes from the current activity (Turnover)	29,206,428	22,774,530
Other incomes	144,571	31,192
Incomes from the stocks variation	137,472	3,164,217
Total operational incomes	**29,488,471**	**25,969,939**
Expenses related to stocks	13,422,339	10,936,454
Expenses related to utilities	468,296	573,773
Expenses related to salaries, contributions and other benefits	4,888,905	5,396,344
Expenses with the assets depreciation and amortization	1,184,128	1,138,683
Current assets value adjustment	15,752	274,511
Adjustment on provisions	- 778,521	- 822,389
Other expenses	6,515,066	5,186,836
Total operational expenses	**25,684,461**	**22,684,212**
Operational activities result	**3,804,010**	**3,285,727**
Financial incomes	126,013	234,517
Financial expenses	907,476	483,272
Net financial result	**- 781,463**	**- 248,755**
Result before the taxes payment	**3,022,547**	**3,036,972**

Expenses with the current tax on profit	370,951	386,671
Expenses with the deferred tax on profit	191,120	273,097
Incomes related to the deferred tax on profit	50,330	164,242
Result from the Continuous activities (Net profit)	**2,510,806**	**2,541,446**

Operational incomes increased with 27,94 %, in comparison to the same period of the previous year.

The turnover registered on 30th September 2016 is with 28,24% higher than the one registered in the same period of the previous year, increase due both to the sale of own fabrication products and to the sale of products in distribution progress.

Operational expenses had the trend of the operational incomes and increased in comparison to the same period of the previous year. The main percentage from the total expenses is possessed by expenses on stocks of 52,25% (raw materials, materials, distribution merchandise), followed by the percentage of expenses related to external services of 24,19% (distributors' commissions, thirds' services, transport, etc.) and the percentage of expenses with the employees' salaries and contributions of 19,03%.

Expenses related to the external services increased with 30,62% mainly due to the increase of paid commissions to distributors and to the marketing activities, done for the sales stimulation, with an impact on the turnover that increased with 28,24% in comparison to the same period of the previous year. Commissions to distributors increased both due to the increase of the registered turnover obtained with those and to the increase of cash obtained from them by Mecanica Cehlau.

	30th September 2016	**30th September 2015**	**%**
Expenses on external services (distributors' commissions, transport, thirds' services)	6,213,893	4,756,922	131%
Expenses with fees, taxes and assimilated payments	117,257	133,171	88%
Other exploitation expenses	183,917	296,744	62%
Total other expenses	**6,515,066**	**5,186,836**	126%

Financial incomes include mainly the incomes related to the fond unities assessment, held by the company on 30th September 2016 at their real value and the incomes from the debts and receivables re-evaluation, at the end of the period.
Financial expenses include discounts and reductions which have been assigned, the interests and the differences related to the exchange rates on 30th September 2016.

Financial expenses increased with 87,78%, in comparison to the same period of the previous year. This increase is due mainly to the banks interests subventioning for financings to final clients and to assigned financial discounts for the payments in advance, with positive impact on the cash registration, which increased with 61% in comparison to the date of 30th September 2015.

The net profit (registered) represents 8,59 % of the turnover (registered) and is similar to the net profit obtained in the same period of the year 2015.

2. The trimester report on 30th September 2016 – integral version is available also on the company website www.mecanicaceahlau.ro;

1. Economical and financial indicators mentioned in the Addendum 30 B / Reg. ASF no. 1 / 2006

Indicator denomination	Calculation modality	30 September 2016	30 September 2015
1.Current liquidity indicator 6,85	Current assets/ Current debts	6,80	
2. Credit level indicator	Capital on loan/equity x 100	5.23	5.00
	Capital on loan/used capital x 100	4.97	4.77
3. Turnover speed of fixed assets	Turnover/Fixed assets	1.33	0.98
4. Turnover speed of debts - clients (no. of days)	Medium balance of net trading debts/Turnover x 270	112	143

GENERAL MANAGER,
Laura Arghirescu

FINANCIAL MANAGER,
Gabriela Marian

BOARD OF DIRECTORS PRESIDENT,
Trifa Aurelian-Mircea-Radu