



S.C. TURBOMECHANICA S.A.

244 Iuliu Maniu Bd. District 6 Postal Code 061126 Bucharest - Romania

Tel.: (+4) 021 434 07 41 Fax: (+4) 021 434 09 21; (+4) 021 434 31 65

Trade Registry Code J40/533/1991

Fiscal Registration Code RO3156315 Sole Registration Code 3156315

Fully Paid Share Capital 36.944.247,50 RON

MANAGING BOARD REPORT OF TURBOMECHANICA S.A. FOR MARCH 2015

SC TURBOMECHANICA SA ("the Company") is a Romanian open joint-stock company according to the Constitutive Act and applicable regulations, entirely privately owned, whose shares are listed on the Bucharest Stock Exchange.

The Company operates exclusively in the field of manufacturing and according to the classification of activities in the national economy, its main object of activity is the Manufacturing of engines, mechanical assemblies and equipment for aircraft – NACE CODE 3030.

The Company carries out its activity in a highly competitive environment according to widely recognised principles of corporate governance, in accordance with Romanian regulations, the regulations of the European Union and international practices, supplying on domestic and foreign markets products and services both in the field of defence and civil aviation.

The Company has a long history of start-ups, it has experienced diversifications and development, but also restructuring, falls, searches, new beginnings. However, throughout all this time, it has never stopped operating in the aviation and defence industry.

The results will be included in the financial statements of the year 2015, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

<u>PROFIT & LOSS</u>	<u>31 MARCH 2015</u>	<u>31 MARCH 2014</u>
Revenues	12,165,672	5,250,811
Other operating revenues	35,323	1,494
Other gains and loss	(2,475,988)	460,914

Change in inventories of finished goods and work in progress	557,976	534,319
Raw materials and consumables expense	(3,272,078)	(2,406,580)
Employee benefits expense	(4,667,332)	(3,856,805)
Depreciation and amortization expense	(1,368,939)	(1,075,485)
Finance cost, net	(783,479)	(1,138,318)
Other operating expenses	(1,379,021)	(1,933,099)
Gross profit/Profit before tax	(1,187,865)	(4,162,749)
Income tax expense/ benefit		
Net profit	(1,187,865)	(4,162,749)

Economic performance indicators related to the volume and the profitability are reflected by the informational content of the above profit and loss statement.

The recorded operating revenues of the Company are 12,758,972 RON and the operating expenses: 10.330.113 RON.

The largest share of this revenue is related to specific production activities, in accordance with the Company's profile.

The turnover recorded in Q1 of FY 2015 increased by 56,84% with operating expenses increase only of 12,41%, in comparison with the previous year.

Statement of financial position:

BALANCE SHEET	31 MARCH 2015	31 DECEMBER 2014
ASSETS		
Fixed assets		
Property, plant and equipment, net	54,776,032	54,924,522
Intangible assets, net	10,014,250	10,445,423
Other assets	0	0
Total fixed assets	64,790,282	65,369,945
Current assets		
Inventory	30,000,963	29,736,898
Trade receivables	1,501,991	2,143,829
Other receivables and prepayments	1,458,056	1,047,431
Cash and bank balances	350,048	11,903,023

Non-current assets classified as held for sale	11,120,396	11,120,396
Total current assets	44,431,454	55,951,576
Total assets	109,221,736	121,321,521
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	1,024,571,055	1,024,571,055
Reserves	80,524,586	80,544,931
Retained earnings	(1,074,160,293)	(1,072,992,773)
Total shareholder equity	30,935,347	32,123,213
Long term liabilities		
Borrowings LT	9,524,071	7,997,602
Deferred tax liabilities	4,737,497	4,737,497
Provisions LT	1,766,318	1,494,810
Other liabilities LT	5,933,563	5,933,563
Total liabilities TL	21,961,449	20,163,472
Current liabilities		
Short term loans	3,268,152	6,770,404
Borrowings ST	44,395,266	47,643,105
Provisions ST	900,699	1,565,401
Deferent income	533,975	4,953,313
Other liabilities ST	7,226,847	8,102,614
Total current liabilities	56,324,940	69,034,837
Total liabilities	78,286,389	89,198,309
Total shareholder equity and liabilities	109,221,736	121,321,521

Share capital of the company is of 30 935 347 RON.

The Company's financial reporting system for 2015 complies with accounting regulations, i.e., MoPFO 1286/2012 and Accounting Law no. 82/1991 (republished and amended), MoPFO no. 79/2014 on the main aspects related to the preparation and submission of the annual financial statements and annual accounting reporting of economic operators to the territorial units of the Ministry of Public Finance.

All documents related to the economic and financial operations are daily recorded correct.

Economic and financial operations were recorded based on financial documents and posts submitted in the correct accounting statement of assets, liabilities and equity and they

correspond to the data recorded in the books brought into line with the real situation of property items.

Liabilities towards the state budget have been correctly registered, paid and reflected in the balance sheet.

We specify that the Financial Statements at 31 March 2015 are financially unaudited.

**PRESIDENT OF MANAGING BOARD
GENERAL DIRECTOR,**



RADU VIEHMANN

