



TURBOMECANICA

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European Unique Identifier (EUID) [ROONRC.J40/533/1991](#)

Commerce Registry Code J40/533/1991

Tax Code RO3156315 Unique Registration Code 3156315

Subscribed share fully paid capital 36,944,247.50 RON

www.turbomecanica.ro; e-mail: office@turbomecanica.ro

No. 13/14.05.2020

QUARTERLY REPORT RELATED TO THE COMPANY'S FINANCIAL RESULTS IN THE FIRST QUARTER 2020

REPORT OF THE BORD OF ADMINISTRATION OF TMB FOR FIRST QUARTER 2020

TURBOMECANICA SA is a Romanian entity having the legal form of open a joint stock Company according to the Constitutive Act and applicable regulations, privately owned, whose shares are listed on the Bucharest Stock Exchange.

Its field of activity is exclusively 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 the widely recognised principles of corporate governance, in accordance with Romanian legislation, the legislation 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 diversification and developments, but also restructures, falls, searches, new beginnings. However, throughout all this time, it has never stopped operating in the aviation and defence industry.

The financial results will be included in the financial statements of the year 2020, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

1. Statement of profit and loss:

	31 MARCH 2020	31 MARCH 2019
Revenues	31.063.329	18.000.678
Other gains and loss	(2.572.642)	1.139.670
Change in inventories of finished goods and work in progress	4.063.490	2.338.673
Raw materials and consumables used	(11.839.301)	(5.966.294)
Employee benefits expense	(10.184.695)	(8.132.647)
Depreciation and amortisation expense	(2.141.705)	(2.047.190)
Finance cost, net	(473.884)	(386.920)
Othe operating expenses	(2.744.726)	(1.079.176)
Gross profit/Profit before tax	5.169.865	3.866.795
Income tax expense/ benefit	1.250.804	412.249
Net profit	3.919.061	3.454.546

The Company recorded operating revenues in amount of Lei 35.137.932 and operating expenses in amount of Lei 29.484.505.

The largest share of this revenue was made through specific activities related to the production profile of the Company.

the Company recorded net profit in amount of Lei 3.919.061, at the end first Quarter.

2. Statement of financial position:

	31 MARCH 2020	31 DECEMBER 2019
Assets		
Fixed assets		
Property, plant and equipment, net	54.714.945	55.465.420
Intangible assets, net	2.978.776	3.391.723
Other assets	6.000	6.000
Total fixed assets	57.699.721	58.863.143
Current assets		
Inventory	61.617.685	55.610.633

Trade receivables	22.244.098	4.540.984
Other receivables and prepayments	2.067.225	2.018.674
Cash and bank balances	2.792.599	4.105.218
Total current assets	88.721.606	66.275.509
Total assets	146.421.327	125.138.651
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	1.024.571.055	1.024.571.055
Reserves	89.910.939	89.981.651
Retained earnings	(1.027.986.178)	(1.031.975.951)
Own shares	(599.408)	(599.408)
Total shareholder equity	85.896.407	81.977.346
Long term liabilities		
Borrowings LT	3.601.468	3.567.060
Deferred tax liabilities	2.158.761	2.158.761
Provisions LT	1.615.850	1.840.284
Other liabilities LT	1	1
Total liabilities TL	7.376.080	7.566.106
Current liabilities		
Short term loans	8.951.761	8.387.340
Borrowings ST	27.826.252	14.128.979
Income tax expense/benefit	1.250.804	889.100
Provisions ST	6.814.682	4.026.021
Defferend income	10.061	2.178
Other liabilities ST	8.295.280	8.161.569
Total current liabilities	53.148.839	35.595.199
Total liabilities	60.524.919	43.161.305
Total shareholder equity and liabilities	146.421.327	125.138.651

The share capital of the Company is in amount of Lei 85.896.407

The accounting activity was conducted in accordance with the OMFP no. 2844/2016 for the approval of accounting regulations, in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market and in accordance with the Accounting Law no. 82/1991 with all its subsequent amendments.

All documents regarding economic and financial operations have been recorded correctly every day.

Economic and financial operations have been recorded based on financial documents. All accounting information has been posted in the correct accounting statement (assets, liabilities and equity) and corresponds to the real situation of the Companies patrimony.

The debt towards the State Budget has been correctly registered, paid and reflected in the balance sheet.

We state that the Financial Statements at 31 March 2020 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

**STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020**

	31 2020	MARCH	31 DECEMBER 2019
Assets			
Fixed assets			
Property, plant and equipment, net	54.714.945		55.465.420
Intangible assets, net	2.978.776		3.391.723
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Total shareholder equity and liabilities	<u>146.421.327</u>	<u>125.138.651</u>

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
CLAUDIA ANGHEL**

**STATEMENT OF PROFIT AND LOSS
AT 31 MARCH 2020**

	31 MARCH 2020	31 MARCH 2019
Revenues	31.063.329	## 18.000.678
Other gains and loss	(2.572.642)	## 1.139.670
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**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
CLAUDIA ANGHEL**

**FINANCIAL-ECONOMIC INDICATORS
AT 31 MARCH 2020**

No.	Economic indicators	Formula	31 MARCH 2020	31 MARCH 2019
1	Current liquidity ratio	current assets / current liabilities	1,67	1,65
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	4,00	3,00
3	Receivable turnover ratio	(Accounts Receivable / Turnover) * 90 days	38,80	27,80
4	Fixed assets turnover ratio	Turnover / Fixed assets	0,54	0,30

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC- COMMERCIAL MANAGER,
CLAUDIA ANGHEL**

**STATEMENT ON CHANGES IN OWN CAPITAL
31 MARCH 2020**

Elements of equity capital	Balance on 1st of January 2020	Growth		Decrease		Balance on 31th of March 2020
		Total, of which	through transfer	total, of which	through transfer	
A	1	2	3	4	5	6
Subscribed capital	36.944.248					36.944.248
Adjustments of registered capital	987.626.807					987.626.807
Patrimonial assets						
Share premiums						
Revaluation reserve	35.182.370			70.712		35.111.657
Legal reserves	15.691.483					15.691.483
Statutory or contractual capital reserves						
Reserves representing revaluation reserves surplus	31.385.416	70.712				31.456.128
Other reserves	39.107.798					39.107.798
Own shares						0
Income related to own capital instruments						0
Loss related to own capital instruments	599.408					599.408
Profit/loss carried forward	Balance C	858.690				858.690
	Balance D					
Retained earnings due to the adoption of IAS 29 for the first time	Balance C					
	Balance D	1.008.346.916				1.008.346.916
Elements of equity capital	Balance on 1st of January 2020	Growth		Decrease		Balance on 31th of March 2020
		Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the adoption of IAS for the	Balance C					
	Balance D					

first time, except for IAS 29							
Retained earnings due to the correction of accounting errors	Balance C						
	Balance D	1.086.601					1.086.601
Retained earnings - actuarial employee benefits	Balance C						
	Balance D	1.166.893					1.166.893
Retained earnings resulting from the adoption of Accounting Regulations according to the Fourth Directive of European Economic Community	Balance C	258.730					258.730
	Balance D						
Retained earnings	Balance D	73.464.208			19.585.831		53.878.377
Profit or loss for the period	Balance C	21.919.302	36.715.280		52.981.154		5.653.427
	Balance D		1.818.973		84.607		1.734.366
Profit appropriation		2.333.472			2.333.472		0
TOTAL OWN CAPITAL		81.977.346	34.967.018	0	31.047.956	0	85.896.407

The legal reserves are established according to the Law 31/1991 with subsequent amendments and completions and registered in accountancy according to the OG No. 64/2001 and OMFP No. 128/2005. These reserves have not been used.

Within "Other reserves" there are recorded the sums appropriated from the net profit as own finance sources. These reserves have not been used

On 31th of March 2020 the legal reserve was 15.691.483 lei. The legal reserve is established according to Romanian Law as a transfer from the net income. The transfer can represent a maximum of 5% from gross profit to 20% of the registered capital.

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
CLAUDIA ANGHEL**

CASH FLOW STATEMENT
31 MARCH 2020

EXPLANATIONS	NO.	Executed	Executed
	ln.	31/03/2019	31/03/2020
+ Turnover	01	18.000.678	31.063.329
+ Changes in inventories	02	2.338.673	4.063.490
+ Other operating revenues and provisions	03	174.653	11.114
= Total operating income	04	20.514.005	35.137.932
+ Raw materials and consumables	05	5.383.738	11.207.225
+ Energy, fuels, etc.	06	582.556	632.076
+ Employee benefits	07	8.132.647	10.184.695
+ Expenses related to external labour conscriptions	08	975.973	2.373.440
+ Expenses with other taxes, fees and similar payments	09	266.842	245.317
+ Depreciation of non-current assets and provisions	10	887.079	4.705.932
+ Other operating expenses	11	42.998	135.820
= Total operating expenses	12	16.271.834	29.484.505
Operating results (+/-)	13	4.242.171	5.653.427
+ Financial revenues	14	109.803	84.607
- Financial expenses	15	485.180	568.169
= Financial result (+/-)	16	-375.376	-483.562
Gross result (+/-)	17	3.866.795	5.169.865
Deferred tax	18	412.249	1.250.804
Net result (+/-)	19	3.454.546	3.919.061
CASH FLOW	20	Executed	Executed
		31/03/2019	31/03/2020
+ Profit or loss (+/-)\	21	3.454.546	3.919.061
+ Damping included in cost	22	2.047.190	2.141.705
- Stock variation (+/-)	23	4.236.782	6.007.052
- Receivables variation (+/-)	24	6.201.144	17.715.730
+ Variation of providers and creditors (+/-)	25	6.901.019	18.267.534
- Variation of other assets	26	-1.951.342	-3.313.015
+ Variation of other liabilities	27	-13.387.956	-18.979.191
= Net cash generated by operating activities (A)	28	-9.471.786	-15.060.658
+ Income from selling assets and fixed assets	29		

-	Purchase of tangible assets	30	2.109.930	2.240.210
=	Net cash generated by investment activities (B)	31	-2.109.930	-2.240.210
+	Loans variation (+/-)	32	12.027.380	13.925.920
=	Net cash used in financing activities (C)	33	12.027.380	13.925.920
	Cash and cash equivalents at the beginning of the period	34	120.004	8.425.079
	Net cash flow	35	8.305.075	-5.626.503
	Cash and cash equivalents at the end of the period	36	8.425.079	2.798.576

**GENERAL MANAGER
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**ECONOMIC - COMMERCIAL MANAGER
CLAUDIA ANGHEL**

EXPLANATORY NOTES
31 MARCH 2020

1. FIXED ASSETS STATEMENT

Gross values						
Asset elements	No.	Initial balance	Accrual	Degression		Final balance (col 5=1+2-3)
				total	of which: dismantling and rescission	
A	B	1	2	3	4	5
Intangible assets						
Development expenses	01					
Other non-current assets	02	20.499.872	195.266	1.220	X	20.693.919
Intangible assets in progress	03	193.117	305.430	240.744	X	257.803
TOTAL (ln. 01 to 03)	04	20.692.989	500.696	241.964	X	20.951.721
Tangible assets						
Lands	05	18.794.996	0	0		18.794.996
Buildings	06	12.008.084	0	0		12.008.084
Technical equipment and machinery	07	33.534.113	681.065	32.748	32.748	34.182.431
Other equipment, installations and furniture	08	219.967	7.250			227.217
Investment securities	09					
Intangible assets in progress	10	2.201.352	727.172	688.315		2.240.210
Investiti imobiliare in curs de executie	11					0
TOTAL (ln. 05 to 09)	12	66.758.513	1.415.487	721.062	32.748	67.452.937
Biological assets	13				X	
Financial assets	14	6.000		0	0	6.000
FIXED ASSETS-TOTAL	15	87.457.502	1.916.183	963.026	32.748	88.410.658

1.1 FIXED ASSETS AMORTIZATION STATEMENT

Asset elements	No.	Initial balance	Amortization during the year	Amortization of derecognized assets	Amortization by the end of the year (col.9=6+7-8)
A	B	6	7	8	9
Intangible assets					
Development expenses	16				
Other non-current assets	17	17.301.265	671.679	0	17.972.944
TOTAL (rd. 16 la 17)	18	17.301.265	671.679	0	17.972.944

Tangible assets					
Lands	19				
Buildings	20	912.851	180.190		1.093.041
Technical equipment and machinery	21	10.319.739	1.280.574	25.125	11.575.187
Other equipment, installations and furniture	22	60.503	9.261		69.765
Investment securities	23				
TOTAL (rd. 19 la 23)	24	11.293.093	1.470.025	25.125	12.737.993
Biological assets	25				
AMORTIZATIONS	-				
TOTAL	26	28.594.358	2.141.704	25.125	30.710.937

The assets record is kept considering their net value.

All purchased fixed assets are recorded within the debit account 231 "TANGIBLE ASSETS IN PROGRESS". They are amortized during the month after their purchase.

2. PROVISIONS FOR RISKS AND EXPENSES

Title of the provision	Balance on 1 st January 2020	Growth	Decrease	Balance on 31th of March 2020
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	489.897		17.753	472.144
Adjustment for debtors receivables impairment				
Adjustment for raw materials stocks impairment	10.596.288			10.596.288
Adjustment for supplies stocks impairment	94.914			94.914
Impairment of stocks in progress	1.080.614			1.080.614
Adjustment of materials and stocks at other partners				
Adjustment for packaging material impairment	44.019			44.019
Adjustment for manufactured items impairment	952.562			952.562
Impairment of residual products	45.069			45.069
Provisions for restructuring costs				
Provisions for retirement and similar obligations	1.840.284		224.434	1.615.850
Provisions for employees' obligations	4.026.021	4.000.000	1.211.339	6.814.682
TOTAL	19.169.669	4.000.000	1.453.527	21.716.142

The company has established provisions for debts towards employees as a result of retirements and annual leave provided by Collective Labor Agreement (CCM).

3. PROFIT TAX

The calculation of fiscal loss is according with methodological Norms of application of Law 227/2015 (with all subsequent amendments).

The gross profit or loss is defined according to the form "Profit and loss account" and we apply the stipulations of Law No. 227/2015 (with all subsequent amendments). All sums are expressed in LEI.

Gross profit	3.919.061
To establish the tax profit, the expenses that have overpassed the admitted deductibility limit are added to the non-deductible expenses, according from the Law 227/2015	
Non taxable income	1.453.527
Non-deductible expenses	6.322.823
Deductions (tax amortization)	1.145.937
Elements similar to income (revaluation account 105 surplus)	75.348

The non taxable income results from the reverse provisions for restructuring.

The non deductible expenses are mostly represented by amortization the fixed assets reevaluate.

The similar elements income are constituted from the revaluation surplus reserve, taxed by the exit of the asset.

PROFIT TAX: 8.968.572

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	
		31.03.2019	31.03.2020
1.	Net turnover	18.000.678	31.063.329
2.	The costs of goods and services provided	10.190.340	17.874.295
3.	Expenses of the basic activities	6.593.575	12.430.264
4.	Expenses of auxiliary activity	896.663	1.016.579
5.	Indirect manufacture expenses	2.700.102	4.427.452
6.	Gross result related to net turnover (1-2)	7.810.338	13.189.033
7.	Retail expenses	205.193	839.322
8.	General administration expenses	3.537.627	6.707.398
9.	Other exploitation expenses	174.653	11.114
10.	Exploitation results (6-7-8+9)	4.242.171	5.653.427

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 31th of March 2020	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	23.996.255	23.996.255	
Suppliers debtors-debtors	1.040.327	1.040.327	
Customers	22.727.416	22.727.416	
Personnel and social security receivables	564.962	564.962	
VAT under settlement	17.595	17.595	
Other receivables regarding state and public institutions receivables	0	0	
Debtors	129.272	129.272	
Provision for customer receivables impairment	483.318	483.318	

Debts	Balance on 31th of March 2020	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	52.161.325	46.401.096	3.601.467	2.158.761
Short term bank loans	21.877.658	21.877.658		
Long term loans	9.550.062	5.948.594	3.601.467	
Suppliers	8.951.761	8.951.761		
Creditors	0			
Expenses regarding with personnel and social security	3.240.407	3.240.407		
Tax for non-residents	0	0		
VAT to pay	1.752.472	1.752.472		
Other debts regarding state and public institutions	1.250.804	1.250.804		
Deferred tax	2.158.761	0		2.158.761
Other debts	2.068.338	2.068.338		
Other creditors	1.311.061	1.311.061		

Bank loans	Balance on 31th of March 2020
BRD – GSG	15.569.876
Bank Transilvania	6.307.782
Short term loans from Shareholders	4.880.000
Short term loans	26.757.658
Long term loans	
Total	26.757.658

6. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

General provisions

The financial statements are set up according to the O.M.F.P. 2844/2016 (IFRS), to the Law on Accountancy No. 82/1991, with subsequent amendments.

The financial statements have been set according to the historic cost and presented in lei.

The costs of indebtedness and the expenses related to maintenance of a state of functioning at projected parameters of fixed assets, do not capitalize.

The grounds for setting up financial statements

These are individual financial statements of TURBOMECANICA S.A. Company. These financial statements are the responsibility of the Company's management and are set up according to the accountancy norms of Romania, that is the Accountancy Law No. 82/1991, republished, the Order of the Ministry of Public Finances 2844/2016 (IFRS)

The use of estimations

The setting up of financial statements according to accountancy norms of Romania require the management to make some estimations and presumption that affect the value of assets and debts, and the description of assets and potential debts on the date of setting up the financial statements, as well as the value of income and expenses related to the accounting period. The actual results may be different from these estimations. These estimations are periodically reviewed and, if the need arises for adjustments, the latter are recorded in the profit and loss account within the period they become known. Even if these estimations are somehow imprecise, the cumulated effect of the imprecision on financial statements is considered to be insignificant.

The operating continuity

These unconsolidated financial statements have been set up based on the principal of operating continuity, which states that the Company would continue its normal functioning in a predictable future, without confronting the impossibility to continue its operation or to significantly reduce its activity

Tangible assets

The tangible and intangible assets are recorded in accountancy according to the Accountancy Law No. 82/1991, with subsequent amendments and completions.

Following the revaluation applied in compliance with HG 1553/2003, O.M.F.P. 2844/2016 the tangible and intangible assets are registered at their net value.

The last revaluation unfolded according to the International Standards for Evaluation and Regulations of International Standards of Financial Reporting, by an independent evaluator, authorized S.C. NEOCONSULT VALUATION S.A., based on the agreement No. 5483 from 17.10.2017

As intangible assets, the accountancy only registers licenses and IT programs purchased from the providers.

Within the profit and loss account, the amortization of intangible assets is included at “Amortizations and provisions for tangible and intangible assets impairment” and “Expenses” respectively.

The amortization related to the fixed assets revaluated in December 2009, 2012, 2014, 2017, is mentioned within the “non-deductible expenses” according to the methodological Norms for application of the Law N0. 227/2015

Tangible and intangible assets are subject to amortization in compliance with Law 15/1994. The amortization method is the linear one.

The classification of fixed assets and their normal terms of functioning are established by the committee for reception and commissioning of fixed assets according to H.G. 2139/2004 for the approval of the Catalogue of classification and normal functioning terms of fixed assets.

The expenses that occur once the fixed asset is commissioned, such as repair and maintenance and administrative costs, are registered within the profit and loss account for the period of their occurrence. If it's possible to demonstrate that these expenses resulted in a future growth of economic benefits expected to be obtained through the use of an element of fixed asset over the performance standards initially evaluated, the expense is capitalized as additional cost.

The tangible and intangible assets are subject to amortization in conformity with the Law 15/1994. The amortization method is the linear one, based on the estimated useful lifespan, from the moment of their commissioning, so as the cost shall decrease to the residual value estimated during the considered functioning period.

Within the profit and loss account, the amortization of intangible assets is included at “Amortizations and provisions for tangible and intangible assets impairment” and “Expenses” respectively.

The main lifespans used with different categories of tangible assets are:

	Years
Buildings	10 - 50
Plants and machinery	3 - 15
Other equipment and furniture	3 - 15

The tangible assets that are scrapped or sold are cancelled from the balance together with corresponding cumulated amortization. Any profit or loss resulted from such an operation is included in the current profit and loss account.

According to the provisions of HG 2139/2004 related to the approval of the Catalogue for classification and normal durations of fixed assets' functioning, the Company has chosen to apply the minimal duration of fixed assets' functioning.

Any growth resulted from the revaluation of tangible assets is included in own capitals under reserves from revaluation, with the exception of those cases when such a growth compensates a decrease from the revaluation of the same asset, priory registered within the profit and loss account, in which case the growth is registered in profit and loss account at the level of the previous decrease. A decrease of accounting value of the lands and buildings is registered in the profit and loss account as long as it exceeds the value, if it is the case, of the revaluation reserve, related to the previous revaluation of the relative asset.

Amortization of tangible assets is registered in the profit and loss account. In case of subsequent selling or scrapping the revaluated tangible assets, the surplus from the revaluation left within the revaluation reserve is transferred directly to the retained result. There won't be made any transfer from the revaluation reserve to the retained result, except for the case of derecognized asset. However, a part of the surplus may be transferred as the asset is used by the entity. In this case, the value of transferred surplus shall represent the difference between the amortization calculated based on revaluated accounting value and the value of amortization calculated based on the initial cost of the asset.

Intangible assets

An intangible asset must be recognized if, and only if, it is estimated that the future economic benefits attributed to the asset shall be obtained by the Company and the cost of the asset may be precisely evaluated.

The costs related to the purchase of software are capitalized and amortized based on the linear method. If it is retained as necessary, the accounting value of each intangible asset is annually reviewed and adjusted for the decrease of its value.

Inventories

The record keeping of materials is organized based on quantities and values, grouped upon administrations, depending on the product for which they are designated within the manufacturing technologies.

By their entrance in the patrimony, the inventories (raw material, material, goods) are registered by their purchase prices. For imported materials, the acquisition price includes only expenses mentioned in Import Customs Declarations. For the materials purchased within the EU, the acquisition price includes the expenses recorded in the provider's invoice (or in an equivalent document) as well as expenses for transportation recorded in invoices issued by the transporter. The expenses related to the manipulation, deposit, etc. are registered in the account 308.1 "Differences in prices and materials" and is distributed upon materials consumed in the following period.

The record keeping of materials from own production is made by the planned cost. The cost does not include administrative and distribution expenses. The differences between actual and planned costs is registered in the account 308.2 "Price differences of unfinished goods" and 308.3 "Price difference of materials and inventories of own production" and are distributed upon materials of own production consumed in the following period.

The record keeping of manufacture in progress is made by the actual production costs. To distribute the expenses the orders method is being used. The indirect manufacture expenses are summarized monthly and distributed on the expenses related to direct workmanship, including related expenses registered within that month.

For inventories of finished goods, the cost does not include administration and distribution costs. The finished goods are registered by the ante calculation cost. The differences between the actual cost and the ante calculated one by the closure of the order is registered in account 348 "Price differences of finished goods" and are settled simultaneously with the finished goods.

By the exit of the inventories from administration, there has been used the method of "Weighted Average Cost" which supposes the calculation of costs of each element based on weighted average costs of similar elements from within inventory at the beginning of the period and costs of similar elements manufactured or purchased during the period. The average cost is calculated at the exit of inventories.

Receivables and debts

The record keeping of customers and providers, of other receivables and bonds is organized by categories, as well as by each legal entity or natural persons.

The commercial receivables are recorded by their nominal value.

The debts registered within the accountancy are current debts and are recorded by their nominal value.

The IT system

From the IT point of view, the accounting system is registered within the IT System SAP.

Availabilities and availability equivalents

To prepare the cash flow statements, the availabilities and availability equivalents include: cash at cash-desks, bank cash available any time, financial instruments in cash, without overdraft.

The treasury and treasury equivalents include liquidity assets and other equivalent values that include cash at cash-desks, current bank accounts and visible short-term bank deposits, with a three months maturity.

Revenues and expenses

The revenues have been evaluated and registered at the just value of the received means of payment. The company has not performed transactions that might provide commercial decrease.

There have been registered as revenues only transactions that have generated benefits to the company. Because the delivered products have different manufacture cycles for more than a month, the related expenses have been registered for the whole period related to the manufacture cycle and recognized simultaneously with the delivery of the products, and the registration of the revenues respectively.

The revenues are registered based on the “issued invoices” subsequently to the delivery of the products according to the “delivery notes”. In special situations, if the client requires the deposit of the products within the plant and their delivery at a later reciprocally convenient date, a “minutes of custody” is being prepared, in which the customer recognizes that the property rights have been transferred to him.

The revenue registered in advance represent the consideration of transactions evaluated by the just value of the means of payment provided in the agreement, but for which the property rights have not been transferred through the transfer of goods in customer’s property.

The record keeping of revenues and expenses is organized by types and nature of revenues and expenses.

The record keeping of expenses by destination is organized in administration accountancy.

Exchange rate differences

The differences in exchange rate are registered in the profit and loss account and are considered revenues and expenses of the period. Exchange rate differences are calculated according to BNR rate for debts, receivables and liquidity, and by the rate recorded in Customs Declarations for goods.

In 2020 on 31th of march the following differences of exchange rates have been registered:

at revenues (account 765)	24.458
at expenses (account 665)	24.722

Profit tax

The tax is calculated according to the Romanian Law and is based on the results retained in financial statements by the Company, prepared in compliance with the Order of the Ministry Public Finances 2844/2016 (IFRS) and after the corresponding deductions.

The current profit tax is calculated as a percentage applied to the obtained profit, according to Romanian Law, adjusted for some positions in compliance with fiscal legislation, at a 16% rate for 2020. The loss registered in previous years may be covered in following periods.

Value Added Tax

The Value Added Tax (VAT) related to the sales must be paid to fiscal authorities to the 25th of the next month, based on a declaration on VAT, regardless the collection of receivables from the clients. When the VAT related to the purchase is larger than the VAT related to sales, the difference shall be retrieved, on a request basis, from fiscal authorities and is object to a prior verification executed by these authorities. The VAT related to sales and purchase transactions unfinished by the date of balance , must be recognized on gross basis and presented separately as current asset or current liability. In case of depreciation adjustments for irrecoverable receivables, they are registered as related expenses, including VAT. The VAT collected is maintained in accountancy until the elimination of receivable for fiscal reasons.

Foreign currency transactions

The transactions expressed in foreign currency are registered in accountancy at the exchange rate on the date of transaction. The cash assets and liabilities expressed in foreign currency shall be converted in lei by the exchange rate from the date of accounting balance. The exchange rate on 31th of March 2020 has been of 4,8254 for 1 EUR and 4,3983 for 1 USD.

All the resulted differences on the discount and conversion of the sums in foreign currency are recognized within the profit and loss account for the year in which they have been executed. The loss realized and non-realized are registered as expenses, including those related to loans, and the profits from currency exchange or cash deposits are included in the profit and loss account for that year

Subsequent events

There has not been registered any subsequent event.

7. SHARES AND BONDS

Nr. crt		U.M.	31.03.2019	31.03.2020
1.	Share capital subscribed	lei	36.944.248	36.944.248
	The effects of inflation on share capital	lei	987.626.807	987.626.807
2.	Issued shares (by types)			
	number		369.442.475	369.442.475
	total value	lei	1.024.571.055	1.024.571.055
3.	Redeemable shares	number	36.944.241	36.944.241
	the closest date or the deadline for ransom			
	mandatory or non-mandatory nature of ransom		-	-
	the value of an eventual ransom premium	lei	-	-

Turbomecanica is a joint-stock company with private capital, with shares traded within the Bucharest Stock Exchange, under the TBM sign.

The registered capital of the company has been inflated to the 31st of December 2003; until the economy of Romania has no longer been considered to be inflationist.

8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

Nr. crt.		U.M.	31.03.2019	31.03.2020
1.	Employees			
	1. medium number related to the period	no	428	473
	2. effective number related to the period	no	452	507
	3. paid or payable salaries related to the period	ron	7.842.603	9.757.435
	4. expenses on social security	ron	290.044	427.260

The company has not granted loans to managers and administrators in 2020.

According to the provisions of Law no. 165/2018, the employees receive the legal amount of meal tickets.

9. INFORMATIVE DATA

a) Data presenting the company:

- legal form of the company: joint-stock company ;
- address of headquarters: Bd. IULIU MANIU no. 244, sector 6, BUCHAREST ;
- registered capital: 36.944.248 ron
- the effects of inflation on registered capital 987.626.807 ron
- amount of shares: 369.442.475

b) Shareholder structure:

VIEHMANN RADU (25,92 %), CIORAPCIU DANA MARIA (15,16%),
 CIORAPCIU SORIN TUDOR (9,57%), ANGHEL CLAUDIA (6,98 %),
 OTHER SHAREHOLDERS (42,37%).

c) Net turnover, total	31.063.329 lei
- Of which export	3.850.256 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	11.906.716	2.482.686	2.736.421
Main rotor hub RK+ PSD	5.977.528	1.246.383	1.373.765
Main transmission case RK+PSD	5.317.476	1.108.755	1.222.071
Current repair of engines, PSD T56	40.595	8.464	9.329
Current repair of engines, components, parts and spare parts for aircrafts	646.114	134.722	148.491
Transsmition shafts reapairs	852.511	177.758	195.926
Bearing fan support repairs	230.000	47.958	52.859
Repair silenced streaks	1.365.000	288.078	323.521
Repair VIPER	648.884	135.300	149.128
Aggregate repair	260.021	54.217	59.758
TOTAL IAR + MApN	25.879.843	5.396.243	5.947.748
Aeroteh parts repair	4.745	989	1.090
Unison components and parts	354.022	73.818	81.362
Export aviation	2.798.352	583.488	643.122
Industrial components	1.051.904	219.334	241.750
Other	974.462	203.187	223.953
TOTAL SALES	31.063.329	6.477.059	7.139.026

On geographical zones, the turnover is distributed as follows:

EUROPE	3.717.864	775.217	854.446
USA	117.201	24.438	26.935
ASIA	15.192	3.168	3.491
TOTAL EXPORT	3.850.256	802.822	884.872
ROMANIA	27.213.073	5.674.237	6.254.153
NET TURNOVER	31.063.329	6.477.059	7.139.026

The net result for the period: **3.919.061 lei**

**GENERAL MANAGER,
 RADU VIEHMANN**

**ECONOMIC - COMMERCIAL
 MANAGER
 CLAUDIA ANGHEL**