



TURBOMECANICA

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

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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 LEI

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

Our Reference: 21 Date: 14 August 2019

SEMESTRIAL REPORT **ACCORDING TO THE LAW 24/2017 ARTICLE 65 AND** **ASF REGULATION NO.5/2018**

REPORT NO: DATE : 30 JUNE 2019

COMPANY TURBOMECANICA SA

REGISTERED OFFICE: 244 Iuliu Maniu Blv., District 6, Bucharest ROMANIA.

TRADE REGISTRY NUMBER AND INCORPORATION DATE: J40 /533 /1991 ;

FORM OF OWNERSHIP: Majority private;

MAIN ACTIVITY: 3030 Manufacturing of Aircrafts and Spaceships;

SOLE REGISTRATION CODE: RO3156315;

REGULATED MARKET ON WHICH THE SECURITIES ISSUED ARE TRADED:

Bucharest Stock Exchange;

CALLED-UP AND PAID IN SHARE CAPITAL: 36.944.247,50 LEI

1. ECONOMIC AND FINANCIAL SITUATION

A. Balance Sheet Statement: assets that represent at least 10 % of total assets; cash and other liquid cash; reinvested earnings; total current assets; company's debt situation; total current liabilities; they are shown in semestrial reporting forms, balance sheet at 30 June 2019, attached to this report.

B. Financial Results Report (profit and loss): net sales; gross sales; items of expenditure with a percentage of at least 20 % in net sales or gross income; risk provisions for various expenses; reference to any sale or closing for a field of activity within the past six months or which follows to be carried out in the next six months; they are found in the same document attached.

C. Cash flow: all changes in the level of cash within the core business, of investments and financial activity, the level of cash at the beginning and at the end of the period are presented in the attached financial statements.

The financial statements at 30 June 2019 above-mentioned are financially un-audited.

2. COMPANY'S ACTIVITY ANALYSIS

2.1 Tendencies, elements, events or uncertainty factors that affect or could affect liquidity:

There were no trends, items, events or significant uncertainty factors that could affect the liquidity. An important liquidity risk factor is the continuing recession of the aeronautics manufacturing market.

2.2 The effects on the financial statements of all capital expenditures, current or anticipated, over the financial situation;

In the first six months of 2019 Turbomecanica S.A. has achieved an operating revenues in amount of Lei 58.141.660 and operating expenses in amount of Lei 40.391.992.

The company recorded net profit of lei 14.150.623, at the end of the first half of 2019.

The own capital of the company is 75.345.217 LEI

2.3 Events, transactions, economic changes that significantly affect the revenues generated by the main activity: Turbomecanica S.A. operates in terms of business continuity and does not intend to liquidate its activities.

This result was achieved given that the company realized an operating revenues in amount of Lei 58.141.660 and operating expenses in amount of Lei 40.391.992.

The highest percentage of this revenue has been achieved from manufacturing activities specific to company's activity profile.

3. CHANGES AFFECTING CAPITAL AND MANAGEMENT OF THE COMPANY

3.1 Cases in which Company TURBOMECANICA S.A. was unable to respect its financial obligations: There were no such cases. The Company has complied with all its financial obligations regarding the payment terms to suppliers and significant creditors.

3.2 Amendments to the rights of the securities holders issued by Company TURBOMECANICA S.A. : There were no changes in the reporting period.

3.3 Issues that were discussed, by the security holders : In the period under review the Company held the Ordinary General Meeting of Shareholders dated 26 April 2019 in which it adopted the decision no.1 /26 April 2019.

The issues debated as well as the decisions adopted have been recorded in this year's current reports.

4. SIGNIFICANT TRANSACTIONS

4.1 Major transactions concluded by the issuer with persons acting in concert with or involving these persons in the relevant time period: not applicable

5 ANNEXES:

- Management report as at 30 June 2019 ;
- Financial statement report as at 30 June 2019;
- Financial results report as at 30 June 2019;
- Economic and financial indicators as at 30 June 2019;
- Explanatory notes 30 June 2019;
- Management statement;

The H1 2019 Financial Results Report is available on Company's website www.turbomecanica.ro and at the following link:

PRESIDENT- GENERAL MANAGER
VIEHMANN RADU

FINANCIAL & COMMERCIAL DIRECTOR
ION DINCA

Subject: REPORT OF THE BOARD OF ADMINISTRATION OF TMB FOR JUNE 2019

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 2019, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

1. Statement of profit and loss:	30 JUNE 2019	30 JUNE 2018
Revenues	51.518.745	46.929.792
Other gains and loss	2.934.663	1.606.334
Change in inventories of finished goods and work in progress	6.454.696	2.670.313
Raw materials and consumables used	(17.693.943)	(12.662.130)
Employee benefits expense	(18.534.984)	(15.261.619)
Depreciation and amortisation expense	(4.191.982)	(4.492.394)
Finance cost, net	(952.325)	(1.495.468)
Othe operating expenses	(2.677.575)	(3.144.207)
Gross profit/Profit before tax	16.857.295	14.150.623

Income tax expense/ benefit	<u>2.382.816</u>	<u>2.276.701</u>
Net profit	<u>14.474.479</u>	<u>11.873.922</u>

The Company recorded operating revenues in amount of Lei 58.141.660 and operating expenses in amount of Lei 40.391.992.

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 14.474.479, at the semester I.

2. Statement of financial position:

	30 JUNE 2019	31 DECEMBER 2018
Assets		
Fixed assets		
Property, plant and equipment, net	55.492.935	54.393.716
Intangible assets, net	4.314.065	4.620.294
Other assets	<u>1.772.000</u>	<u>1.772.000</u>
Total fixed assets	<u>61.579.000</u>	<u>60.786.010</u>
Current assets		
Inventory	47.070.983	38.203.237
Trade receivables	13.702.250	2.452.667
Other receivables and prepayments	1.744.171	1.762.178
Cash and bank balances	<u>2.561.619</u>	<u>6.990.513</u>
Total current assets	<u>65.079.023</u>	<u>49.408.595</u>
Total assets	<u>126.658.023</u>	<u>110.194.604</u>
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	1.024.571.055	1.024.571.055
Reserves	87.788.704	87.815.126
Retained earnings	(1.036.718.353)	(1.036.441.556)
Own shares	<u>(599.408)</u>	<u>(599.408)</u>
Total shareholder equity	<u>75.041.998</u>	<u>75.345.217</u>
Long term liabilities		
Borrowings LT	4.398.993	1.713.317
Deferred tax liabilities	2.163.750	2.163.750
Provisions LT	1.366.370	1.493.086

Other liabilities LT	<u>1</u>	<u>1</u>
Total liabilities TL	<u>7.929.114</u>	<u>5.370.154</u>
Current liabilities		
Short term loans	3.046.657	2.791.929
Borrowings ST	10.025.527	12.019.531
Income tax expense/benefit	1.970.567	3.303.399
Provisions ST	1.075.524	3.900.826
Defferend income	11.660	159.227
Other liabilities ST	27.556.977	7.304.321
Total current liabilities	<u>43.686.911</u>	<u>29.479.233</u>
Total liabilities	<u>51.616.025</u>	<u>34.849.387</u>
Total shareholder equity and liabilities	<u>126.658.023</u>	<u>110.194.604</u>

The share capital of the Company is in amount of Lei 75.041.998.

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 30 June 2019 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

Subject:

**STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019**

	30 JUNE 2019	31 DECEMBER 2018
Assets		
Fixed assets		
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**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
ION DINCA**

**Subject:
STATEMENT OF PROFIT AND LOSS
AT 30 JUNE 2019**

	30 JUNE 2019	30 JUNE 2018
Revenues	51.518.745	46.929.792
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Finance cost, net	(952.325)	(1.495.468)
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Income tax expense/ benefit	<u>2.382.816</u>	<u>2.276.701</u>
Net profit	<u>14.474.479</u>	<u>11.873.922</u>

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
ION DINCA**

**Subject: STATEMENT ON CHANGES IN OWN CAPITAL
30 JUNE 2019**

Elements of equity capital	Balance on 1st of January 2019	Growth		Decrease		Balance on 30th of June 2019
		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	35.349.317			26.422		35.322.894
Legal reserves	15.691.483					15.691.483
Statutory or contractual capital reserves						
Reserves representing revaluation reserves surplus	31.218.468	26.422				31.244.890
Other reserves	36.774.326					36.774.326
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 2019	Growth		Decrease		Balance on 30th of June 2019
			Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the adoption of IAS for the first time, except for IAS 29	Balance C						
	Balance D						
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	657.419					657.419
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	81.783.555			8.319.348		73.464.207
	Balance C	24.847.717	17.749.669		24.847.717		17.749.669

Profit or loss for the period	Balance D		3.275.189				3.275.189
Profit appropriation		1.750.671			1.750.671		0
TOTAL OWN CAPITAL		75.345.217	14.500.902	0	14.804.120	0	75.041.998

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 30th of June 2019 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,
ION DINCA**

Subject:

**CASH FLOW STATEMENT
30 JUNE 2019**

EXPLANATIONS	NO. ln.	Executed 30/06/2018	Executed 30/06/2019
+ Rate of turnover	01	46.929.792	51.518.745
+ Stocked manufacture (+;-)	02	2.670.313	6.454.696
+ Fixed manufacture	03	0	0
+ Operating grant	04	0	0
+ Other activity revenues from exploitation and provisions	05	6.856.100	168.219
= Total from activity revenue	06	56.456.205	58.141.660
+ Expenses related to raw materials, supplies and goods.	07	11.666.713	16.479.773
+ Energy, fuels, etc.	08	995.416	1.214.170
+ Personnel expenses	09	15.261.619	18.502.001
+ Expenses related to external labour conscriptions	10	2.390.578	2.555.793
+ Expenses with other taxes, fees and similar payments	11	442.154	418.449
+ Damping and provisions for the depreciation of fixed assets	12	3.140.693	1.239.965
+ Other exploitation expenses (reimbursements, transferred assets, etc.)	13	7.068.373	-18.158
EXPLANATIONS	NO. ln.	Executed 30/06/2018	Executed 30/06/2019
= Total exploitation expenses	14	40.965.546	40.391.992
Exploitation results (+/-)	15	15.490.659	17.749.668

+	Financial revenues	16	125.275	185.461
-	Financial expenses	17	1.465.311	1.077.834
=	Financial result (+/-)	18	-1.340.036	-892.373
+	Extraordinary income	19		
-	Extraordinary expenses	20		
=	Exceptional result (+/-)	21		
	Gross result (+/-)	22	14.150.623	16.857.295
	Deferred tax	23	2.276.701	2.382.816
	Net result (+/-)	24	11.873.922	14.474.479
	CASH FLOW	25		
+	Profit or loss (+/-)\	26	11.873.922	14.474.479
+	Damping included in cost	27	4.492.394	4.191.983
-	Stock variation (+/-)	28	-82.723	8.867.746
-	Receivables variation (+/-)	29	-598.446	11.297.478
+	Variation of providers and creditors (+/-)	30	-3.236.715	11.708.111
=	Cash flow from exploitation (A)	33	12.978.665	-16.718.157
+	Income from selling assets and fixed assets	34	19.751.055	6.684.982
-	Purchase of tangible assets	35	0	0
-	Expenses for tangible and intangible assets	36	0	
=	Cash Flow from investments activity (B)	37	-12.901.329	-6.684.982
+	Loans variation (+/-), of wich :	38	-9.086.560	3.228.940

EXPLANATIONS		NO. ln.	Executed 30/06/2018	Executed 30/06/2019
+	receivable short-term credits	39		
-	refunds of short-term credits	40		
+	receivable medium and long-term credits	41		
-	refunds of medium and long-term credits	42		
+	Investment grants	43		
+	Payable dividends	44		
=	Cash flow from financial activity (C)	45	-9.086.560	3.228.940
	Cash reserves at the beginning of the period	46	424.482	1.760.914
	Net cash flow	47	1.336.432	809.164
	Cash reserves by the end of period	48	1.760.914	2.570.078

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
ION DINCA**

Subject:

**EXPLANATORY NOTES
30 JUNE 2019**

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				X	
Other non-current assets	02	18.733.256	1.297.812	0	X	20.031.068
Intangible assets in progress	03	67.109	805.251	865.291	X	7.069
TOTAL (ln. 01 to 03)	04	18.800.365	2.103.063	865.291	X	20.038.137
Tangible assets						
Lands	05	18.794.996	0	0		18.794.996
Buildings	06	9.513.380	1.431.861	0		10.945.241
Technical equipment and machinery	07	29.397.513	1.854.224	10.574	10.574	31.241.163
Other equipment, installations and furniture	08	132.633	23.301	249		155.685
Investment securities	09					
Intangible assets in progress	10	2.454.049	4.230.934	3.792.546		2.892.437
Immovable on going investments	11					0
TOTAL (ln. 05 to 09)	12	60.292.571	7.540.320	3.803.369	10.574	64.029.522
Biological assets	13				X	
Financial assets	14	1.772.000	0	0	0	1.772.000
FIXED ASSETS-TOTAL	15	80.864.936	9.643.383	4.668.660	10.574	85.839.659

1.1 FIXED ASSETS AMORTIZATION STATEMENT

Asset elements	No.	Initial balance	Amortization during the year	Ammortization of derecognized assets	Ammortization 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	14.180.071	1.544.002	0	15.724.073
TOTAL (rd. 16 la 17)	18	14.180.071	1.544.002	0	15.724.073
Tangible assets					
Lands	19				
Buildings	20	392.171	206.987		599.158
Technical equipment and machinery	21	5.475.578	2.426.016	10.145	7.891.449
Other equipment, installations and furniture	22	31.106	14.977	104	45.979
Investment securities	23				
TOTAL (rd. 19 la 23)	24	5.898.855	2.647.980	10.249	8.536.586
Biological assets	25				
AMORTIZATIONS TOTAL	-				
	26	20.078.926	4.191.982	10.249	24.260.659

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 2019	Growth	Decrease	Balance on 30th of June 2019
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	36.414		0	36.414
Adjustment for debtors receivables impairment	0			0
Adjustment for raw materials stocks impairment	12.802.154			12.802.154
Adjustment for supplies stocks impairment	81.028			81.028
Impairment of stocks in progress	809.772			809.772
Adjustment of materials and stocks at other partners	0			0
Adjustment for packaging material impairment	32.294			32.294
Adjustment for manufactured items impairment	150.810			150.810
Impairment of residual products	62.917			62.917
Provisions for restructuring costs	428.824		428.824	0
Provisions for retirement and similar obligations	1.493.086		126.716	1.366.370
Provisions for employees' obligations	3.472.002		2.396.478	1.075.524
TOTAL	19.369.301	0	2.952.018	16.417.284

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

3. TAX PROFIT

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 16.445.047

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 2.952.218

Non-deductible expenses 5.132.721

Deductions (tax amortization) 2.152.372

Elements similar to income
(revaluation account 105 surplus) 26.972

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.

TAX PROFIT: 16.500.149

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.06.2018	30.06.2019
1.	Net turnover	46.929.792	51.518.745
2.	The costs of goods and services provided	21.224.048	20.813.296
3.	Expenses of the basic activities	12.857.362	12.912.427
4.	Expenses of auxiliary activity	2.024.498	1.428.042
5.	Indirect manufacture expenses	6.342.188	6.472.827
6.	Gross result related to net turnover (1-2)	25.705.744	30.705.449
7.	Retail expenses	561.037	699.900
8.	General administration expenses	16.510.148	12.424.100
9.	Other exploitation expenses	6.856.100	168.219
10.	Exploitation results (6-7-8+9)	15.490.659	17.749.668

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on	Liquidity term	
	30th of June	under 1 year	over 1 year
0	(col.2+3)	1	2
Total, of which:	15.498.804	15.498.804	
Suppliers debtors-debtors	1.092.016	1.092.016	
Customers	13.736.591	13.736.591	
Personnel and social security receivables	285.246	285.246	
VAT under settlement	6.994	6.994	
Other receivables regarding state and public institutions receivables	19.506	19.506	
Debtors	392.854	392.854	
Provision for customer receivables impairment	34.401	34.401	

Debts	Balance on 30th of	Chargeability term		
	June	under 1 year	1-5 years	over 5 years
0	(col.2+3+4)	1	2	3
Total, of which:	49.228.917	42.666.174	4.398.993	2.163.750
Short term bank loans	10.025.527	10.025.527		
Long term loans	9.924.483	5.525.490	4.398.993	
Suppliers	3.046.657	3.046.657		
Creditors	10.314	10.314		
Expenses regarding with personnel and social security	2.922.449	2.922.449		
Tax for non-residents	0	0		
VAT to pay	2.112.955	2.112.955		
Other debts regarding state and public institutions	1.970.567	1.970.567		
Deferred tax	2.163.750	0		2.163.750
Other debts	15.754.025	15.754.025		
Other creditors	1.298.190	1.298.190		

Bank loans	Balance on
	30th of June
	2019
BRD – GSG	8.023.658
Bank Transilvania	2.001.869
Short term loans from Shareholders	4.880.000
Short term loans	14.905.527
Loans from Shareholders	
BRD – GSG	
Bank Transilvania	
Long term loans	
Total	14.905.527

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 1553/18.12.2003, 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 2019 on 30th of June the following differences of exchange rates have been registered:

at revenues (account 765)	74.238
at expenses (account 665)	24.373

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 2018. 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 30th of June 2018 has been of 4,0033 for 1 USD and 4,6611 for 1 Euro.

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.	30.06.2018	30.06.2019
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		18.06.2018	28.06.2019
	mandatory or non-mandatory nature of ransom		-	-
	the value of an eventual ransom premium	lei	-	-
4.	Shares issued during the period		-	-
	type of shares		-	-
	number of issued shares		-	-
	total nominal value and the value collected at appropriation	lei	-	-
	legal appropriation rights		-	-
	number, description and value of corresponding shares		-	-
	rights exercise period		-	-
	price paid for appropriated shares	lei	-	-
5.	Issued bonds		-	-
	type of issued bonds		-	-
	issued value and sum collected for each type of bond	lei	-	-
	bonds issued by the company, held by a nominated or authorized person		-	-
	nominal value	lei	-	-
	value recorded by the time of payment	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.	30.06.2018	30.06.2019
1.	Employees			
	medium number related to the period-total, of which:	no	428	428
	operators	no	270	242
	TESA	no	154	181
	management	no	4	5
	paid or payable salaries related to the period	lei	14.673.689	17.850.053
	expenses on social security	lei	587.930	651.948

The company has not granted loans to managers and administrators in 2019.

According to the provisions of Law no. 142/1998, 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 lei
- the effects of inflation on registered capital 987.626.807 lei
- amount of shares: 369.442.475
- shareholder structure:
 VIEHMANN RADU (25,92 %), CIORAPCIU DANA MARIA (15,16%),
 CIORAPCIU SORIN TUDOR (9,57%), ANGHEL CLAUDIA (6,98 %),
 OTHER SHAREHOLDERS (42,37%).

b) Main activity:

- manufacture of engines and mechanical assemblies for aircrafts and helicopters ;

c) The modality used to express in national currency the patrimonial elements, revenues and expenses that initially appear in a foreign currency:

- BNR rate (for receivables, debts and cash);
- the rate recorded within the customs declaration (for goods)

d) Net turnover, total **51.518.745 lei**

- Of which export 4.558.860 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	15.140.716	3.193.301	3.618.804
Main rotor hub RK+ PSD	9.057.368	1.910.273	2.164.815
Main transmission case RK+PSD	1.380.000	291.053	329.836
Repair Gearbox Assy, tail rotor RK+PSD	560.000	118.109	133.846
Repair Gearbox Assy Intermediate RK+ PSD	241.248	50.881	57.661
Current repair of engines, components, parts and spare parts for aircrafts	0	0	0
Repair transmission shafts	1.484.712	313.138	354.863
Repair Fan Bearings, RK	1.760.036	371.206	420.669
Repair silenced streaks	675.000	142.363	161.333
Repair VIPER	797.345	168.167	190.575
Aggregate repair	189.912	40.054	45.391
TOTAL IAR + MApN	43.992.656	9.278.411	10.514.748
Aeroteh parts repair	1.945.340	410.288	464.959

Unison components and parts	567.478	119.686	135.634
Export aviation	3.026.746	638.365	723.427
Industrial components	1.655.697	349.200	395.731
Other	330.828	69.774	79.072
TOTAL SALES	51.518.745	10.865.724	12.313.570

On geographical zones, the turnover is distributed as follows:

EUROPE	4.335.082	914.304	1.036.134
USA	221.423	46.700	52.923
ASIA	2.355	497	563
TOTAL EXPORT	4.558.860	961.501	1.089.620

ROMANIA	46.959.886	9.904.224	11.223.950
NET TURNOVER	51.518.745	10.865.725	12.313.571

e) The net result for the period: **14.474.479** lei

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL
MANAGER
ION DINCA**

Subject: Statement

I, Radu Viehmann, Engineer, Chairman and General Manager, herewith undertakes the responsibility for the drafting of the accounting reports at 30 June 2019.

We hereby declare, that all accounting policies used by Turbomecanica S.A. in drafting the accounting reports at 30 June 2019 are in compliance with the Accounting Regulations, for companies whose securities are admitted for trading on a regulated market, with OMFP no. 2844/2016 for the approval of the International Standards for Financial Reporting, and with the Accounting Law no. 82/1991 with its subsequent amendments.

We hereby confirm that in half-year of 2019 the company did not record any cases of non-compliance with laws or regulations that could significantly influence the accounting reports.

We declare that the accounting reports as at 30 June 2019 of Turbomecanica S.A. provide an accurate image of the financial position, financial performance and other information related to the work carried out between 01.01.2019 - 30.06.2019.

We declare that Turbomecanica S.A. carries out its activity in terms of continuity and does not intend nor needs to liquidate or reduce its business volume as a result of:

- loss of important clients
- applying a reorganization plan
- outstanding payments
- failure to observe the rescheduling agreements
- liquidity problems, litigation as a defendant and plaintiff with shareholders, debtors, significant creditors, state bodies, claiming
- market risk sector
- other factors

We hereby declare that the Board Members are not aware of material uncertainties related to events or conditions that may cause significant doubts on the ability of the company to continue its operations.

We hereby mention the fact that the accounting reports drafted at 30 June 2019 have not been audited.

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
ION DINCA**