



## TURBOMECANICA

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

Tel .: (+4) 021 434 32 06; (+4) 021 434 07 41 Fax: (+4) 021 434 07 94

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](http://www.turbomecanica.ro); e-mail: [office@turbomecanica.ro](mailto:office@turbomecanica.ro)

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Our Reference: 16 Date: 28 August 2020

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

**REPORT DATE : 30 JUNE 2020**

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

## REPORT OF THE BOARD OF ADMINISTRATION OF TMB FOR JUNE 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:

	30 JUNE 2020	30 JUNE 2019
Revenues	54.796.174	51.518.745
Other gains and loss	2.909.830	2.934.663
Change in inventories of finished goods and work in progress	6.938.448	6.454.696
Raw materials and consumables used	(20.255.176)	(17.693.943)
Employee benefits expense	(23.348.666)	(18.534.984)
Depreciation and amortisation expense	(4.365.204)	(4.191.982)
Finance cost, net	(979.004)	(952.325)
Other operating expenses	(4.122.863)	(2.677.575)
Gross profit/Profit before tax	11.573.539	16.857.295
Income tax expense/ benefit	1.485.305	2.382.816

Net profit	10.088.234	14.474.479
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The Company recorded operating revenues in amount of Lei 62.026.328 and operating expenses in amount of Lei 49.492.303.

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 10.088.234, at the end first Semester.

The turnover increased by 6.3% compared to the same period last year, this being mainly due to the increase of product deliveries to internal intra-community clients and non-community clients. (Unison Poland, Witzenmann Germany, Avio Italy, Aviall USA)

Revenues related to the cost of production in progress and the variation of stocks, had an increase of 7.5% compared to the same period last year. The increase always comes from the variations (increases / decreases) in the production in progress, release / launch of new orders (according to customer requirements) and finalization of orders in the production process.

Expenditures on raw materials and materials increased compared to last year by ~ 20%, the company taking measures regarding the supply process by purchasing the necessary raw materials and materials and for the products that will be completed by the end of 2020.

In the context of COVID 19, materials regarding the security of employees were purchased, through the purchase of gloves, masks, disinfectants, thermal scanners, worth ~ 210,000 RON;

Expenditures on employment benefits increased compared to the same period last year, a situation which is considered justified because the dynamics of the amount of income amounting to 54,796,174 RON, precedes the dynamics of pre-tax expenditures amounting to RON 43,222,635. The increase of the expenses with the salaries constitutes a normal aspect in the conditions of its correlation with the evolution of the activity volume.

During this period, the company made new hires, and the increase in employee benefits was influenced to a small extent by these hires.

The value of other operational expenses increased by approximately 50%, this being due to security services inside the company, personnel training services through specialized courses, metallization services Rolls Royce landmarks worth 113,000 RON, satellite equipment landmarks for repairs Main Transmission Box for internal clients: IAR Brasov, MApN, amounting to 900,000 RON; expenses regarding scholarships for dual education, amounting to RON 134,100

Turbomecanica collaborates with several colleges ('Dinicu Golescu' Technical College, 'Carol I' Technical College, 'HenriCoanda' Technical College and 'Ion ICBratianu' Technological High School) to organize classes within the 'Dual Vocational Education' program. being intended for young people who want to specialize in one of the professions in the aviation industry.

In these programs, the company offers to the 8th grade graduates from all over the country, all the conditions for professional training in the following professions:

- “Numerically controlled car operator” - 16 places in the class at Dinicu Golescu Technical College
- “Aircraft mechanic” - 16 places in the class at the Henri Coanda Technical College
- “Fine mechanics mechanic” - 20 places in the class at Ioan I.C. Bratianu Technological High School

- “Milling - planer-mortar” - 14 places in the class at Ioan I.C. Bratianu Technological High School
- “Turner” - 16 places in the class at Carol I Technical College

Turbomecanica offers very attractive material benefits to students who enroll in Dual Education classes throughout schooling, as well as training in Turbomecanica workshops during internships where they build their specialization for one of the jobs listed above and an extraordinary benefit that is the insurance of Turbomecanica part that they will get a job within the company after graduating high school.

The financial result was not impacted by any additional expenses regarding compensatory payments, non-fulfilment of contractual obligations, other expenses regarding tangible and intangible assets.

## 2. Statement of financial position:

	30 JUNE 2020	31 DECEMBER 2019
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment, net	56.987.569	55.465.420
Intangible assets, net	2.358.015	3.391.723
Other assets	6.000	6.000
<b>Total fixed assets</b>	<b>59.351.585</b>	<b>58.863.143</b>
<b>Current assets</b>		
Inventory	63.805.934	55.610.633
Trade receivables	14.171.701	4.540.984
Other receivables and prepayments	1.741.256	2.018.674
Cash and bank balances	3.530.785	4.105.218
<b>Total current assets</b>	<b>83.249.677</b>	<b>66.275.509</b>
<b>Total assets</b>	<b>142.601.262</b>	<b>125.138.651</b>
<b>Shareholder equity and liabilities</b>		
<b>Shareholder equity</b>		
Share Capital	1.024.571.055	1.024.571.055
Reserves	89.721.151	89.981.651
Retained earnings	(1.021.493.304)	(1.031.975.951)
Own shares	(599.408)	(599.408)
<b>Total shareholder equity</b>	<b>92.199.494</b>	<b>81.977.346</b>
<b>Long term liabilities</b>		
Borrowings LT	5.914.562	3.567.060

Deferred tax liabilities	2.158.761	2.158.761
Provisions LT	1.504.542	1.840.284
Other liabilities LT	1	1
	<hr/>	<hr/>
Total liabilities TL	9.577.866	7.566.106
	<hr/>	<hr/>
Current liabilities		
Short term loans	4.831.055	8.387.340
Borrowings ST	26.356.979	14.128.979
Income tax expense/benefit	234.501	889.100
Provisions ST	1.369.179	4.026.021
Defferend income	8.755	2.178
Other liabilities ST	8.023.432	8.161.569
	<hr/>	<hr/>
Total current liabilities	40.823.902	35.595.199
	<hr/>	<hr/>
Total liabilities	50.401.767	43.161.305
	<hr/>	<hr/>
Total shareholder equity and liabilities	142.601.262	125.138.651
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Tangible and intangible assets - there is a tendency to increase these assets by making investments / modernizations of buildings, machines and equipment from TMB's patrimony;

Trade receivables amounting to 14 million, increased significantly compared to 31.12.2019, the main cause is represented by receivables from domestic customers, receivables that were collected after 30.06.2020, and to a lesser extent delays in receipts from customers external, which postponed their payment terms.

The stocks, they experienced an increase compared to 31.12.2019 by ~ 15%, the company taking measures regarding the supply process by purchasing raw materials and necessary materials and for the products that will be completed by the end of 2020. These measures were taken to prevent possible problems in the supply chain, which could generate delays in the production process. this solution generated a cash outflow reflected in cash flow.

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2019 because the collection terms of the invoices issued to customers before the end of Semester 1 were collected after 30.06.2020.

Commercial debts and other debts - they decreased by ~ 70%, compared to 31.12.2019, the company complied with its contractual payment terms to all suppliers and all debts to the state budget and the state social insurance budget. TMB has no unpaid tax debt to state authorities.

Long-term debts had an increasing trend towards the end of 2019, by concluding new leasing contracts regarding the purchase of equipment: OKK axis milling processing center, 3D coordinate measuring machine, Ultrasonic cleaning machine, Machine Chien Wei Precise Technology Coordinate Grinding Machine, Horizontal Lathe CNC Needle, all these machines were purchased in order to increase the production capacity.

The share capital of the Company is in amount of Lei 92.199.494

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 2020 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

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**STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2020**

	30 JUNE 2020	31 DECEMBER 2019
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment, net	56.987.569	55.465.420
Intangible assets, net	2.358.015	3.391.723
Other assets	6.000	6.000
<b>Total fixed assets</b>	<b>59.351.585</b>	<b>58.863.143</b>
<b>Current assets</b>		
Inventory	63.805.934	55.610.633
Trade receivables	14.171.701	4.540.984
Other receivables and prepayments	1.741.256	2.018.674
Cash and bank balances	3.530.785	4.105.218
<b>Total current assets</b>	<b>83.249.677</b>	<b>66.275.509</b>
<b>Total assets</b>	<b>142.601.262</b>	<b>125.138.651</b>
<b>Shareholder equity and liabilities</b>		
<b>Shareholder equity</b>		
Share Capital	1.024.571.055	1.024.571.055
Reserves	89.721.151	89.981.651
Retained earnings	(1.021.493.304)	(1.031.975.951)
Own shares	(599.408)	(599.408)
<b>Total shareholder equity</b>	<b>92.199.494</b>	<b>81.977.346</b>
<b>Long term liabilities</b>		
Borrowings LT	5.914.562	3.567.060
Deferred tax liabilities	2.158.761	2.158.761
Provisions LT	1.504.542	1.840.284
Other liabilities LT	1	1
<b>Total liabilities TL</b>	<b>9.577.866</b>	<b>7.566.106</b>

Current liabilities		
Short term loans	4.831.055	8.387.340
Borrowings ST	26.356.979	14.128.979
Income tax expense/benefit	234.501	889.100
Provisions ST	1.369.179	4.026.021
Defferend income	8.755	2.178
Other liabilities ST	8.023.432	8.161.569
Total current liabilities	<u>40.823.902</u>	<u>35.595.199</u>
Total liabilities	<u>50.401.767</u>	<u>43.161.305</u>
Total shareholder equity and liabilities	<u>142.601.262</u>	<u>125.138.651</u>

GENERAL MANAGER,  
RADU VIEHMANN

ECONOMIC-COMMERCIAL MANAGER,  
CLAUDIA ANGHEL



**STATEMENT OF PROFIT AND LOSS  
AT 30 JUNE 2020**

	30 JUNE 2020	30 JUNE 2019
Revenues	54.796.174	51.518.745
Other gains and loss	2.909.830	2.934.663
Change in inventories of finished goods and work in progress	6.938.448	6.454.696
Raw materials and consumables used	(20.255.176)	(17.693.943)
Employee benefits expense	(23.348.666)	(18.534.984)
Depreciation and amortisation expense	(4.365.204)	(4.191.982)
Finance cost, net	(979.004)	(952.325)
Othe operating expenses	(4.122.863)	(2.677.575)
Gross profit/Profit before tax	11.573.539	16.857.295
Income tax expense/ benefit	1.485.305	2.382.816
Net profit	10.088.234	14.474.479

GENERAL MANAGER,  
RADU VIEHMANN

ECONOMIC-COMMERCIAL MANAGER,  
CLAUDIA ANGHEL

**STATEMENT ON CHANGES IN OWN CAPITAL**  
**30 IUNIE 2020**

Elements of equity capital		Balance on 1st of JANUARY 2020	Growth		Decrease		Balance on 30th of JUNE 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			260.499		34.921.870
Legal reserves		15.691.483					15.691.483
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		31.385.416	260.499				31.645.915
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 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	Balance D	1.166.893			133.914		1.032.979

employee benefits							
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	19.585.830		39.171.660		53.878.377
Profit or loss for the period	Balance C	21.919.302	66.716.001		76.101.278		12.534.025
	Balance D		2.588.549		142.757		2.445.792
Profit appropriation		2.333.472			2.333.472		0
<b>TOTAL OWN CAPITAL</b>		<b>81.977.346</b>	<b>44.802.121</b>	<b>0</b>	<b>34.579.973</b>	<b>0</b>	<b>92.199.494</b>

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 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

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**CASH FLOW STATEMENT**  
**30 JUNE 2020**

EXPLANATIONS		NO. ln.	Executed 30/06/2019	Executed 30/06/2020
+	Turnover	01	51.518.745	54.796.174
+	Changes in inventories	02	6.454.696	6.938.448
+	Other operating revenues and provisions	03	168.219	291.706
=	Total operating income	04	58.141.660	62.026.328
+	Raw materials and consumables	05	16.479.773	18.983.424
+	Energy, fuels, etc.	06	1.214.170	1.271.752
+	Employee benefits	07	18.502.001	23.348.666
+	Expenses related to external labour conscriptions	08	2.555.793	3.744.258
+	Expenses with other taxes, fees and similar payments	09	418.449	485.148
+	Depreciation of non-current assets and provisions	10	1.239.965	1.506.534
+	Other operating expenses	11	-18.158	152.521
=	Total operating expenses	12	40.391.992	49.492.303
	Operating results (+/-)	13	17.749.668	12.534.025
+	Financial revenues	14	185.461	142.757
-	Financial expenses	15	1.077.834	1.103.243
=	Financial result (+/-)	16	-892.373	-960.486
	Gross result (+/-)	17	16.857.295	11.573.539
	Deferred tax	18	2.382.816	1.485.305
	Net result (+/-)	19	14.474.479	10.088.234
<b>CASH FLOW</b>				
	CASH FLOW	20	Executed 30/06/2019	Executed 30/06/2020
+	Profit or loss (+/-)\	21	14.474.479	10.088.234
+	Damping included in cost	22	4.191.983	4.365.204
-	Stock variation (+/-)	23	8.867.746	8.195.302
-	Receivables variation (+/-)	24	11.297.478	9.129.055
+	Variation of providers and creditors (+/-)	25	11.708.111	-3.556.285
-	Variation of other assets	26	-5.886.479	-6.040.523
+	Variation of other liabilities	27	-35.196.800	-8.133.189
=	Net cash generated by operating activities (A)	28	-16.718.157	-8.519.870
+	Income from selling assets and fixed assets	29	0	0
-	Purchase of tangible assets	30	6.684.982	6.755.828
=	Net cash generated by investment activities (B)	31	-6.684.982	-6.755.828
+	Loans variation (+/-)	32	3.228.940	12.916.844

=	Net cash used in financing activities (C)	33	3.228.940	12.916.844
	Cash and cash equivalents at the beginning of the period	34	1.760.914	2.570.078
	Net cash flow	35	809.164	962.202
	Cash and cash equivalents at the end of the period	36	2.570.078	3.532.280

Cash Flow was computed using the indirect method

The company's cash flow registered a positive increase of ~ 1,000,000 RON, compared to the same period last year.

Operating revenues increased by 7% compared to the same period last year, this being mainly due to the increase in turnover (6%), through the execution and delivery of products to internal and external customers.

Operating expenses increased compared to 30.06.2019, by 22%, this being largely due to the increase in expenditures on raw materials and materials, the increase in employee benefits and the increase in the provision of services performed by third parties. The variations are explained in point 1 Statement of financial result.

The cash flow from the exploitation activity is impacted by the variation of the company's assets and liabilities, largely influenced by the variation:

- increasing the receivables amounting to 9,129,055, the company having commercial receivables that were collected after 30.06.2020,
- increasing stocks, the company applying a prevention policy in this case influenced by the impact that COVID 19 could have on the supply chain.
- debts to suppliers, which decreased compared to the same period last year by 70%, the company fulfilling all contractual payment terms, compared to internal and external suppliers

The cash flow from the investment activity had a very small increase compared to the same period last year ~ 1%, the equipment purchased during this period being put into operation in the period after Semester 1

The cash flow from the financial activity is influenced by the variation:

- positive by increasing the long-term loans regarding the acquisition of leasing equipment, mentioned in point 2 of the statement of financial position
- short-term loans, which are granted in the form of a credit limit and which were used in a much higher proportion compared to the same period last year, registering an increase compared to the same period last year of 9.6 million RON, and compared to 31.12.2019 registering an increase of 87%

GENERAL MANAGER  
RADU VIEHMANN

ECONOMIC - COMMERCIAL MANAGER  
CLAUDIA ANGHEL

EXPLANATORY NOTES  
30 JUNE 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	495.313	1.220	X	20.993.965
Intangible assets in progress	03	193.117	354.948	540.791	X	7.274
TOTAL (ln. 01 to 03)	04	20.692.989	850.261	542.011	X	21.001.239
Tangible assets						
Lands	05	18.794.996				18.794.996
Buildings	06	12.008.084	16.284			12.024.367
Technical equipment and machinery	07	33.534.113	1.114.281	40.788	40.788	34.607.606
Other equipment, installations and furniture	08	219.967	7.250	0		227.217
Investment securities	09					
Intangible assets in progress	10	2.201.352	4.554.475	1.137.814		5.168.014
Investitii imobiliare in curs de executie	11					0
TOTAL (ln. 05 to 09)	12	66.758.513	5.692.290	1.178.601	40.788	71.272.201
Biological assets	13				X	
Financial assets	14	6.000			0	6.000
<b>FIXED ASSETS-TOTAL</b>	<b>15</b>	<b>87.457.502</b>	<b>6.542.551</b>	<b>1.720.612</b>	<b>40.788</b>	<b>92.279.440</b>

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	17.301.265	1.341.958		18.643.223
TOTAL (rd. 16 la 17)	18	17.301.265	1.341.958		18.643.223

Tangible assets					
Lands	19				
Buildings	20	912.851	360.422		1.273.273
Technical equipment and machinery	21	10.319.739	2.644.585	31.707	12.932.617
Other equipment, installations and furniture	22	60.503	18.239		78.741
Investment securities	23				
TOTAL (rd. 19 la 23)	24	11.293.093	3.023.246	31.707	14.284.631
Biological assets	25				
AMORTIZATIONS	-				
TOTAL	26	28.594.358	4.365.205	31.707	32.927.855

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 depreciated during the month after their purchase, and 223 “Technical installations in progress of supply”

## 2. PROVISIONS FOR RISKS AND EXPENSES

Title of the provision	Balance on 1 <sup>st</sup> January 2020	Growth	Decrease	Balance on 30th of June 2020
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	489.897		71.588	418.309
Adjustment for debtors receivables impairment	0			0
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	0			0
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	0			0
Provisions for retirement and similar obligations	1.840.284		335.742	1.504.542
Provisions for employees' obligations	4.026.021		2.656.842	1.369.179
TOTAL	19.169.669		3.064.173	16.105.496

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

The reductions consist in the reversal / cancellation of the provisions set up on 31.12.2019 and which involved a cash outflow in the first half of 2020.

### 3. TAX ON 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	10.040.304
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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	2.930.259
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Non-deductible expenses	5.966.961
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Deductions (tax amortization)	2.376.708
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Elements similar to income (revaluation account 105 surplus)	135.246
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The non taxable income results from the reverse provisions for restructuring.

The non-taxable income in the amount of RON 2,930,259 represents in this case the value of the provisions reversed in H1 (provisions constituted at the end of 2019 which were considered, non-deductible expenses when calculating the profit tax on 31.12.2019) and together with their partial reversal are considered non-taxable income.

Non-deductible expenses, the largest share (94%) in the total non-deductible expenses, in total amount of RON 5,966,961, is represented by the expense with the profit tax related to quarter 1 2020 amounting to RON 1,250,804 and the depreciation of tangible and intangible assets (in value 4,365,204 RON) while the remaining amount of 6% represents sponsorships, advertising and publicity expenses, car park expenses, protocol expenses, non-resident tax

The non deductible expences are mostly represented by amortization the fixed assets revaluate.

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

TAX ON PROFIT:	10.835.543
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### 4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.06.2019	30.06.2020
1.	Net turnover	51.518.745	54.796.174



2.	The costs of goods and services provided	20.813.296	26.391.706
3.	Expenses of the basic activities	12.912.427	14.505.591
4.	Expenses of auxiliary activity	1.428.042	2.193.726
5.	Indirect manufacture expenses	6.472.827	9.692.389
6.	Gross result related to net turnover (1-2)	30.705.449	28.404.468
7.	Retail expenses	699.900	1.143.425
8.	General administration expenses	12.424.100	15.018.724
9.	Other exploitation expenses	168.219	291.706
10.	Exploitation results (6-7-8+9)	17.749.668	12.534.025

## 5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 30th of June 2020	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	15.409.581	15.409.581	
Suppliers debtors-debtors	729.753	729.753	
Customers	14.601.345	14.601.345	
Personnel and social security receivables	370.395	370.395	
VAT under settlement	26.743	26.743	
Other receivables regarding state and public institutions receivables	0		
Debtors	111.645	111.645	
Provision for customer receivables impairment	430.300	430.300	

Debts	Balance on 30th of June 2020	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	47.544.846	39.471.524	5.914.561	2.158.761
Short term bank loans	20.868.583	20.868.583		
Long term loans	11.402.958	5.488.397	5.914.561	
Suppliers	4.831.055	4.831.055		
Creditors	0	0		
Expenses regarding with personnel and social security	3.876.368	3.876.368		
Tax for non-residents	0	0		
VAT to pay	1.095.925	1.095.925		
Other debts regarding state and public institutions	267.467	267.467		
Deferred tax	1.236.980	1.236.980		
Other debts	2.158.761	0		2.158.761

Dividens	1.785.948	1.785.948		
Other creditors	20.801	20.801		

Bank loans	Balance on 30th of June 2020
BRD – GSG	13.887.420
Bank Transilvania	6.981.163
Short term loans from Shareholders	4.880.000
Short term loans	25.748.583
Long term loans	
Total	25.748.583

## 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 TURBOMECHANICA 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 NO. 227/2015 and UO 34/2009.

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 30th of June the following differences of exchange rates have been registered:

at revenues (account 765)	47.598
at expenses (account 665)	35.784

### **Tax on Profit**

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 30th of June 2020 has been of 4,8423 for 1 EUR and 4,3233 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.	30.06.2019	30.06.2020
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	-	-

#### 8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

Nr. crt.		U.M.	30.06.2019	30.06.2020
1.	Employees			
	1. medium number related to the period	no	428	501
	2. effective number related to the period	no	452	519
	3. paid or payable salaries related to the period	ron	17.850.053	22.413.488
	4. expenses on social security	ron	651.948	935.178

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 54.796.174 lei

- Of which export 7.265.402 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	20.746.367	4.307.532	4.718.622
Main rotor hub RK+ PSD	9.099.329	1.889.278	2.069.582
Main transmission case RK+PSD	8.522.392	1.769.489	1.938.361
Rear gearbox RK+PSD	480.000	99.662	109.173
Intermediate transmission box RK+PSD	200.000	41.526	45.489
Current repair of engines, PSD T56	40.595	8.429	9.233
Current repair of engines, components, parts and spare parts for aircrafts	695.122	144.327	158.101
Transsmition shafts reapears	1.547.815	321.370	352.040
Bearing fan support repairs	705.000	146.378	160.348
Repair silenced streaks	307.621	63.871	69.966
Repair VIPER	1.328.486	275.831	302.155
Aggregate repair	315.382	65.482	71.732
TOTAL IAR + MApN	43.988.109	9.133.175	10.004.801
Aeroteh parts repair	1.701.645	353.310	387.028
Unison components and parts	547.854	113.750	124.606
Export aviation	5.659.148	1.174.999	1.287.135
Industrial components	1.606.254	333.504	365.332
Other	1.293.164	268.497	294.122
TOTAL SALES	54.796.174	11.377.234	12.463.023
On geographical zones, the turnover is distributed as follows:			
EUROPE	7.108.697	1.475.966	1.616.826
USA	141.513	29.382	32.186
ASIA	15.192	3.154	3.455
TOTAL EXPORT	7.265.402	1.508.503	1.652.467
ROMANIA	47.530.772	9.868.732	10.810.556
NET TURNOVER	54.796.174	11.377.235	12.463.024

The net result for the period: 10.088.234 Lei

- The current liquidity indicator, the value is super unitary, (2.04) increasing compared to the same period last year, which indicates that the company is able to cover its debts on short-term from current assets.
- The turnover rate of customer debts that expresses the effectiveness of the company in collecting its receivables, indicating that the company is able to collect its debts to society. Considering the dynamics of sales and the specifics of debt collection, we consider that the value is satisfactory.
- The indicator of the degree of indebtedness, its value indicates the fact that the company does not have any problem in covering its debts. The company's capital includes both bank loans and leasing debts.

GENERAL MANAGER,  
RADU VIEHMANN

ECONOMIC - COMMERCIAL  
MANAGER  
CLAUDIA ANGHEL



## Statement of the CEO

I, Radu Viehmann, Engineer, Chairman and General Manager, herewith undertakes the responsibility for the drafting of the accounting reports at 30 June 2020.

We hereby declare, that all accounting policies used by Turbomecanica S.A. in drafting the accounting reports at 30 June 2020 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 2020 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 2020 of Turbomecanica S.A. provide an accurate image of the financial position, financial performance and other information related to the work carried out between 01.01.2020 - 30.06.2020.

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 2020 have not been audited.

GENERAL MANAGER  
RADU VIEHMANN