

ARMĂTURA SA

INDIVIDUAL FINANCIAL STATEMENTS
FOR THE QUARTER ENDED ON MARCH 31, 2020

DONE IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNIONĂ



ARMATURA

CONTENTS**PAGE**

STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF REVENUE AND EXPENDITURE	5
OVERALL RESULT SITUATION	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS	9-14

ARMĂTURA SA
STATEMENT OF FINANCIAL POSITION
ON MARCH 31, 2020
(in lei, unless otherwise specified)

	January 1 2020	31st of March 2020
Active		
Fixed assets		
Tangible fixed assets	24 910 484	24 768 483
Intangible assets	9 709	9 395
Real estate investments	4 742 938	4 742 938
Total fixed assets	<u>29.663.131</u>	<u>29.520.816</u>
Current assets		
Inventories	2 640 638	1 844 266
Customers and other receivables	282 329	563 333
Cash and cash equivalents cash	335 922	186 158
Financial assets short term	<u>110 155</u>	<u>0</u>
Total current assets	<u>3.369.044</u>	<u>2.593.757</u>
Total active	<u>33.032.175</u>	<u>32.114.573</u>
Equity and debt		
Social capital	18 110 957	18 110 957
reserves	21,335,091	21,335,091
Reported result	<u>-44,288,947</u>	<u>-45,277,347</u>
Total equity	- 4,842,899	-5,831,299
Long-term debt		
loans		
Debts related to financial leasing	-	-
Tax liabilities postponed	2 666 568	2 666 568
Suppliers and other debts	<u>-</u>	<u>-</u>
	<u>2.666.568</u>	<u>2.666.568</u>

ARMĂTURA SA
STATEMENT OF FINANCIAL POSITION
ON MARCH 31, 2020
(in lei, unless otherwise specified)

	January 1 2020	31 March 2020
Current debts		
Suppliers and other debts	9 829 821	9 659 716
Settlements with shareholders regarding social capital	100	100
loans	25 230 721	25 596 067
Provisions for risks and expenses	147 864	23 421
Total current debts	35.208.506	35.279.304
Total debt	37.875.074	37.945.872
Total equity and debt	33.032.175	32.114.573

ARMĂTURA SA
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE QUARTER ENDED ON MARCH 31, 2020
(in lei, unless otherwise specified)

	<u>31st of March 2020</u>	<u>31 March 2019</u>
Income	1 845 241	2 006 305
Other operating revenues	3 368	6 530
Variation of stocks of finished products and work in progress	-1,030,016	252 882
Raw materials and materials	-732 459	-1,427,243
The cost of goods	-6 237	-3 804
Staff costs	-785 498	-606 288
Utility expenses	-94 155	-120 083
Services provided by third parties	-125 860	-125 085
Depreciation and amortization fixed assets	-145 856	-188 123
Net movement in the provision for other risks and expenses	124 444	3055
Other operating expenses	<u>-147 846</u>	<u>-159 242</u>
Other income / (losses), net	<u>568 871</u>	<u>31 393</u>
Operational result	-526 003	-329 703
Financial income	<u>29</u>	<u>2 3</u>
Financial costs - net	<u>-462 426</u>	<u>-829 787</u>
Net financial result	<u>-462 397</u>	<u>-829 764</u>
Profit / Loss before tax	-988 400	-1,159,467
Income / (Expenditure) with profit tax current and delayed	<u>-</u>	<u>-</u>
Net profit / loss for the year	<u>-988 400</u>	<u>-1,159,467</u>
Number of shares issued	40,000,000	40,000,000
Basic and diluted earnings per share	<u>-0.0247</u>	<u>-0.0290</u>

ARMATURA SA
OVERALL RESULT SITUATION
FOR THE QUARTER ENDED ON MARCH 31, 2020
(in lei, unless otherwise specified)

	<u>31st of March</u> <u>2020</u>	<u>31 March</u> <u>2019</u>
Profit / Loss for the year	<u>-988 400</u>	<u>-1,159,467</u>
Other elements of the overall result:		
Gain / (Loss) from revaluation buildings	-	-
Impact of deferred tax on Revaluation reserves	<u>-</u>	<u>-</u>
Other elements of the overall result related to the year, net of tax	<u>-</u>	<u>-</u>
Total overall result for the year	<u>-988 400</u>	<u>-1,159,467</u>

Administrator,



ARMATURA S.A.
SITUATION OF CHANGES OF PROPERTY CAPITALS
FOR THE QUARTER ENDED MARCH 31, 2020
(in lei, unless otherwise specified)

	Social capital	Reserves from Revaluation	Other reserves	Deferred result	Total
Balance on 1 January 2020	18.110.957	20.384.144	950.947	-44.288.947	-4.842.899
Profit / (Loss) for the year	-	-	-	-988.400	-988.400
Other elements of the result	-	-	-	-	-
Total overall result	-	-	-	-988.400	-988.400
Balance at 31 martie 2020	18.110.957	20.384.144	950.947	-45.277.347	-5.831.299

Administrator



ARMTURA S.A.
INDIVIDUAL SITUATION OF TREASURY FLOWERS
FOR THE QUARTER ENDED ON 31 MARCH 2020
(in lei, unless otherwise specified)

	<u>December 31</u> 2019	<u>March 31</u> 2020
Cash flows from activities		
operating		
Cash generated from operation	-76,630	-256,911
Interest paid	-	-
Net cash generated from operating activities	<u>-76,630</u>	<u>-256,911</u>
Cash flows from investment activities		
Purchases of tangible fixed assets	-101,104	-3,541
Net proceeds from the sale of tangible assets	12,438	504
Interest received	69	29
Net cash used in investment activities	<u>-88,597</u>	<u>-3,008</u>
Cash flows from financing activities		
Repayments of lease loans	-	-
Settlements from Associates	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	<u>-11,967</u>	<u>-259,919</u>
Cash and cash equivalents at the beginning of the year	458,044	446,077
Increases /- Decreases	<u>-11,967</u>	<u>-259,919</u>
Cash and cash equivalents at the end of the semester	446,077	186,158

Administrator



The attached notes are an integral part of these financial statements.

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS
FOR THE QUARTER ENDED ON 31 MARCH 2020
(in lei, unless otherwise specified)

1 GENERAL

INFORMATION General

information

ARM-TURA SA ("Company") registered at the beginning of 1991 with the Cluj Trade Register as a joint stock company, and at the end of 1996 completed the privatisation process, being now a wholly private company. The company has its registered office in Cluj Napoca, Garii Street, nr 19, where it also carries out its production activity.

The company's activity is "Production of faucets", code CAEN 2814 and operates in the field of metal reinforcements with experience in the production of reinforcements for thermal and gas supply installations, incorporating today in the product portfolio more than 1,500 type-dimensional articles. The Company's clients are national and international companies.

The Company's shares are listed in the second category of the Bucharest Stock Exchange since 1997.

The company has no open subsidiaries, is not in association with other companies and does not hold shares.

The company has subscribed and paid-up share capital of 4,000,000 lei consisting of 40,000,000 shares with a nominal value of 0.1 lei per share.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied when drawing up these individual financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

2.1 Basics of preparation

The Company's individual financial statements were prepared in accordance with the provisions of the Order of the Minister of Public Finance No. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as amended and clarified.

2.2 Segment reporting

A segment is a distinct component of the Society that provides certain products or services (segment of activity) or provides products and services in a given geographical environment (geographic segment) and is subject to risks and benefits different from those of the other segments. From the point of view of the business segments, the Company does not identify distinct components in terms of risks and benefits.

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE
QUARTER REFERRED TO 31 MARCH 2020(in lei, unless
otherwise specified)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(CONTINUATION) 2.3 Conversion into foreign currency

(a) Functional and presentation currency

Financial statements are presented in lei (RON), the national currency of Romania. The company keeps the accounts in lei, prepares and presents its financial statements in accordance with the specific legislation in the field and with the Regulations on accounting and financial-accounting reports issued by the Ministry of Public Finance.

(b) Transactions and Balances

Foreign currency transactions are converted into functional currency using the exchange rate valid at the date of the transactions. Gains and losses resulting from foreign exchange differences as a result of the conclusion of these transactions and from the conversion at the end of the financial year, at the end-of-year exchange rate of monetary assets and obligations denominated in foreign currency, shall be reflected in the profit and loss account.

Exchange rate gains and losses relating to loans and cash and cash equivalents shall be shown in the profit and loss account under "financial income or expenses". All other exchange rate gains and losses are shown in the profit and loss account under "other (loss)/net earnings".

Monetary assets and liabilities denominated in foreign currency shall be denominated in lei at the balance sheet date. On 31 March 2020, the exchange rate used to convert balances into foreign currency is EUR = 4,8254 lei (1 January 2020 1 EUR = 4,7793 lei). Gains and losses resulting from the conversion of monetary assets and liabilities are reflected in the profit and loss account during the year.

2.4 Accounting for the effects of hyperinflation

The Romanian economy went through periods of relatively high inflation and was considered hyperinflationary according to IAS 29 "Financial reporting in hyperinflationary economies" ("IAS 29").

IAS 29 requires that financial statements drawn up in the currency of a hyperinflationary economy be reprocessed in terms of purchasing power from the balance sheet date. Amounts expressed in terms of purchasing power as at 31 December 2003 (the date of cessation of hyperinflation) shall be treated as the basis for the book values in these financial statements.

The company decided to reflect the impact of the application of IAS 29 in the financial statements drawn up on 31 December 2012 and to recalculate the amounts submitted on 31 December 2011 and 31 December 2010. The impact of these adjustments was reflected on the value of the land, the share capital and the deferred income.

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE
QUARTER REFERRED TO 31 MARCH 2020 (in lei, unless
otherwise specified)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

2.5 Intangible assets

Intangible assets are presented in the financial statements at acquisition costs minus cumulative depreciation and are depreciable in a period of 1-3 years, their reference values being presented in *Note 4*.

2.6 Tangible assets

Buildings shall be presented at fair value, on the basis of periodic assessments, at least every three years, carried out by independent external assessors, minus subsequent depreciation and depreciation. Any accumulated depreciation at the revaluation date is removed from the gross book value of the asset and the net value is posted as the revaluation value of the asset. All other tangible assets are posted at historical cost minus depreciation. The historical cost includes expenses that can be directly attributed to the acquisition of those items.

Subsequent expenses are included in the carrying amount of the asset or recognised as a separate asset, as the case may be, only when the entry of future economic benefits to the company associated with the item is likely and the cost of that item can be reliably assessed.

Increases in the book value resulting from the revaluation of buildings are credited to "revaluation reserves" of equity.

Decreases compensating for increases in the same asset shall be recorded together with other reserves directly in equity, all other decreases are recorded in the profit and loss account. The amounts recorded in the revaluation reserves shall be transferred to the result carried forward at the end of the useful life of the asset or when the asset is derecognised.

Repair and maintenance expenses shall be recorded in the statement of revenue and expenditure during the financial period in which they are incurred. The costs of replacing major components of tangible fixed assets and equipment shall be capitalised and the replaced components shall be decommissioned.

Gains and losses from disposals caused by the comparison of receipts with book values are recognized in profit or loss.

The land doesn't depreciate. Depreciation of other tangible assets shall be calculated on the basis of the linear method for allocating the revalued value of each asset up to its residual value over its useful life, as follows:

Type	Number of years
Buildings	7-45
Machines	2-12
Vehicles	3-15

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE
QUARTER REFERRED TO 31 MARCH 2020 (in lei, unless
otherwise specified)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

The residual value of an asset is the estimated value that could be obtained by the company from the sale of that asset minus the estimated costs of the sale, if the asset is already old and corresponds to the conditions of the end of its useful life. The residual value of an asset is zero if the Company estimates the use of the asset until the end of its physical life. Residual asset values and useful life shall be revised, and adjusted accordingly, at each balance sheet date.

Real estate investments

Real estate investments are real estate (buildings) owned by the Company for the purpose of renting or for increasing the value or both, and not for

- to be used in the production or supply of goods or services or for administrative purposes, or -
- to be sold during the normal course of the activity

A real estate investment is initially valued at fair value. The Company's accounting policy on the subsequent valuation of real estate investments is based on the fair value model. This policy is applied uniformly to all real estate investments owned. The assessment of the fair value of real estate investments is carried out by evaluators members of the National Association of Evaluators of Romania (ANEVAR). Thus, the depreciation expense is no longer recognized, and the real estate investment is subject to reassessment with sufficient regularity in order to recognize at fair value. Gains or losses resulting from the change in the fair value of real estate investments are recognized in the profit or loss account of the period in which they occur.

At the beginning of 2019 the Company transferred to the category "Real Estate Investments" several buildings that are owned for rental purposes.

2.7 Stocks

Stocks are recorded at the cost of acquisition or production. The inventory management discharge is done from 2019 using the FIFO method.

Finished products and products in progress are registered at actual cost of production. Where necessary, provisions shall be made for stocks that are slow-moving, physically or morally worn out. The net realisable value is estimated on the basis of the reduced selling price with the completion costs and sales expenses.

2.8 Commercial receivables

Claims are recorded at face value minus adjustments for their depreciation.

Commercial claims are the amounts owed by customers for products, goods sold or services rendered in the normal course of business.

The provision for the depreciation of commercial claims shall be made when there is objective evidence that the Company will not be able to collect all amounts due to it under the original terms of the claims. Significant difficulties faced by the debtor, the likelihood of the debtor going through bankruptcy or financial reorganization, non-payment.

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE
QUARTER REFERRED to 31 MARCH 2020 (in lei, unless
otherwise specified)

2 SUMMARY OF SIGNIFICATIONAL CONTABLE POLICIES (CONTINUATION)

or non-compliance with payment terms are considered as indications of the depreciation of commercial claims

The carrying amount of the asset is reduced by using a provision account and the amount of the loss is recognised in the statement of income and expenses at "other gains/(losses) – net" in the profit and loss account. Where a commercial claim cannot be recovered, it shall be passed on to the expense, with the corresponding reversal of the provision for commercial claims. Subsequent recoveries of previously depreciated amounts are credited to the profit and loss account.

2.9 Cash and Cash Equivalents

For the cash flow statement, cash and its equivalents include cash in cash, bank accounts, spot bank deposits, other short-term financial overdraft facilities, and the short-term part of restricted bank accounts.

2.10 Social capital and reserves

The share capital composed of common shares is recorded at the value established on the basis of the founding documents and additional documents, as the case may be, as well as the supporting documents concerning the capital payments.

Redeemed own shares, according to the law, are presented in the situation of assets, liabilities and equity as a correction of equity.

Gains or losses related to the issuance, redemption, sale, disposal free of charge or cancellation of the entity's equity instruments are recognized directly in equity lines in the "Winnings/ or Losses related to equity instruments" lines.

2.11 Loans

Short- and long-term loans are initially recorded at the amount received, net of the costs associated with obtaining the loans. In subsequent periods, loans are recorded at amortized cost using the actual yield method, the differences between the amounts received (net of obtaining costs) and the normal redemption value being recognised in the profit and loss account during the term of the loan agreement.

2.12 Commercial liabilities

Commercial debts are recognised at fair value.

Commercial debts are obligations to pay for goods or services that have been acquired in the normal course of business from suppliers. Supplier accounts are classified as

ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE
QUARTER REFERRED to 31 MARCH 2020 (in lei, unless
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

current debts if payment is to be made within one year or less of a year (or later in the normal course of business) Otherwise, they will be presented as long-term debt

2.13 Provisions

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event, it is likely that an out-of-resources will be necessary to honour the obligation, and the debt can be reliably estimated

2.14 Employee Benefits

During the financial year the *Company* makes payments to the Social Insurance budget on behalf of its employees, as all of them are included in the public pension system
The company does not contribute to any other pension plan or benefits after retirement and has no other obligations of the kind mentioned, for its employees

Benefits at the end of the activity

In the collective contract of employment of a company it is stipulated that the employees of the *Company* receive on the occasion of retirement an award equivalent to two basic salaries held in the month before the pensioners

2.15 Recognition of income

Revenues are recorded when significant risks and advantages of ownership of property are transferred to the customer Revenue amounts do not include sales taxes (VAT), but include commercial discounts granted Financial discounts granted to clients (accounts) reduce the value of the Company's revenues

The Company recognizes revenues when their value can be reliably assessed, when it is likely to produce future economic benefits for the entity, and when specific criteria have been met for each of the Company's activities as described below The amount of revenue is not considered reliably appraisable until all sales contingencies have been resolved The company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specific elements of each contract

Revenues from the provision of services are recognized during the period in which they were provided and in correspondence with the execution stage

Interest income shall be recognised periodically, proportionately, as the income in question is generated, on the basis of the accrual accounting

Proceeds from the collection of rents and/or rights to use assets shall be recognised on the basis of the accrual accounting, in accordance with the contract



TRIMESTRIAL REPORT 31.03.2020*
S.C. ARMATURE S.A.
Cluj-napoca

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Phone:	+40 264 435 367
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Email:	office@armatura.ro
Website:	www.armatura.ro
Unique registration code:	RO 199001
Order number in the Trade Register:	J12/13/1991
Subscribed and paid-up share capital:	\$4,000,000

Regulated market on which issued securities are traded:

The shares of S.C. ARMATURA S.A. are traded in category II. Bucharest Stock Exchange.

The main characteristics of the securities issued by the company:

- > Number of shares: 40,000,000
- > Face value: RON 0.1/share
- > Nominative shares, issued in dematerialized form, registered in the independent register S.C. Central Depository S.A., pursuant to contract No. 1958 of 19.01.2007

Report Date: 08.05.2020

* Prepared in accordance with Regulation No 17 of the European Parliament and of the Council of 05/2018 of the ASF

* The financial statements at 31.03.2020 have not been audited.



Economic - financial indicators:

1. Current Liquidity Indicator (Current Capital Indicator = Current Assets : Debts Under 1 Year):

$ILC = \text{Current Assets} / \text{Current Debts}$

31.03.2019 $ILC = 4.910.143 / 34.674.193 = 0.14$

31.03.2020 $ILC = 2.447.161 / 35.221.367 = 0.07$

- the recommended value is around 2;
- highlights the extent to which current liabilities from current assets can be covered.

2. Indicator of indebtedness:

$IGI = \text{Borrowed capital} / \text{equity} * 100$

31.03.2019 $IGI = 3.006.772 / - 2.549.028 * 100 = - 118\%$

31.03.2020 $IGI = 2.666.568 / - 5.831.299 * 100 = - 46\%$

- expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in meeting commitments.

Borrowed capital = loans over one year

3. The speed of rotation of claims:

$VRC = [(\text{claims at the beginning of the period} + \text{claims at the end of the period}) / 2] / CA * 90 \text{ days}$

31.03.2019 $VRC = [(645.206 + 643.093) / 2] / 2.006.305 * 90 = 29 \text{ days}$

31.03.2020 $VRC = [(265.344 + 416.737) / 2] / 1.845.241 * 90 = 17 \text{ days}$

expresses the company's effectiveness in collecting its claims;

express the number of days until the date on which the debtors pay their debts to the company;



4. Speed of rotation of fixed assets:

$VRAI = \text{Turnover} / \text{Fixed Assets}$

31.03.2019 $VRAI = 2.006.305 / 30.194.836 = 0.07$

31.03.2020 $VRAI = 1.845.241 / 29.520.816 = 0.06$

- expresses the effectiveness of the management of fixed assets by examining the turnover generated by a certain amount of fixed assets.

Administrator

A handwritten signature in blue ink, appearing to be 'S. S. S.', is written over a horizontal line.