



TURBOMECHANICA

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

Commerce Registry Code J40/533/1991

Tax Code RO3156315 Unique Registration Code 3156315

Subscribed share fully paid capital 36,944,247.50 RON

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CURRENT REPORT

No. 14 of 30.07.2021

The current report in conformity with art 143 of ASF Regulation no. 5/2018

Reporting date: 30.07.2021

Name issuing entity: TURBOMECHANICA SA

Headquarters: Bucharest, 244 Iuliu Maniu Blvd., district 6

Phone no.: 021 434 32 06 021 434 07 41 facsimile: 021 434 07 94

Unique Registration Code with the Trade Registry Office: RO 3156315

Registration number with the Trade Registry: J40/533/1991

LEI Code 52990005AIXHHACIZH85

Subscribed and integrally paid in capital: 36.944.247,50 lei

Regulated market where the issued receivables are traded: Bucharest Stock Exchange
Capital Titles Tier Standard Shares

I. Important events to be reported

Clarifications related to item 2 on the agenda for the OGMS convened on 26.08.2021, namely: *Approval of the elimination from the company's capital of the adjustment related to the first adoption of IAS 29 "Financial reporting in hyperinflationary economies" (until December 31, 2003 capital adjustments have been made to reflect the application of IAS 29).*

As a result of the implementation of some changes related to the financial reporting applicable to TURBOMECHANICA SA, in 2012 the company started to perform the accounting reporting in accordance with the international financial reporting standards (IFRS). Consequently, since until 2012 the financial statements were prepared in accordance with the provisions of MF Order no 3055/2009, starting with 2012 the financial statements and accounting reports were prepared in accordance with the provisions of MF Order no. 1286/2012 subsequently repealed and replaced by MF Order no. 2844/2016.

In accordance with these normative acts, the company was obliged to implement a different accounting and fiscal statements for the share capital, legal reserve and other reserves that were inflated, restated from an accounting point of view.

Thus, one of the stages of restatement was the application of IAS 29 - Financial Reporting in Hyperinflationary Economies. This standard assumes that *"all entities whose functional currency is the currency of a hyperinflationary economy present financial statements adjusted for the price index. However, the standard does not establish or impose an absolute rate from which hyperinflation is considered to exist, but it defines certain characteristics of the hyperinflationary economic environment. For example, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period approaches or exceeds 100% - in*

this case, Romania falls by the end of 2003. The decline continues of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the society has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004 ”.

Under these conditions, by applying in 2012 the IAS 29 standard, the effects of inflation on the Company's share capital for the period 1990-2003 were recorded in the accounting, a record that had an impact on:

- a) Share capital = 987,626,807 RON
- b) Legal reserve = 8,302,633 RON
- c) Other reserves = 12,414,196 RON
- d) The result carried forward = 3,280 RON
- e) Adjustments of the share capital = - 1,008,346,916 RON

In the above financial statements, the implementation of this accounting statement was reflected in the total value of capitals of 1,024,571,055 RON (987,626,807 RON + 36,944,248 RON of the subscribed and paid-in share capital).

Considering these aspects as well as the impact that these values have on the financial statements of the Company together with the opinion expressed by the company's auditors when auditing the financial statements for 2020, in 2021 the company considers it necessary to reverse this inflation with capital impact, thus returning to the initial amounts registered as capital.

Under these conditions, as a result of the elimination of the inflation result, the elements detailed below will be presented as follows in the financial statements:

- a) The company's own capital in the financial statements will be of RON 36,944,248, the paid-in subscribed capital, registered at the Trade Register.
- b) The legal reserve will be reduced by RON 8,302,633
- c) Other reserves will be reduced by RON 12,414,196
- d) The result carried forward will decrease by RON 3,280
- e) The loss from adjustments of the share capital of RON 1,008,346,916 is covered

We specify the fact that the registration of these accounting statements related to the capital situation in 2012 did not have any impact on the company's patrimony, respectively on the own capitals, they remain at the value before making these registrations, because the respective amounts are mutually annulled.

Consequently, the reversal of these inflations in 2021 will not have any impact on equity that will not be changed, for the same reasons: the respective amounts are mutually annulled.

Statement of the Impact of IAS 29 on capital in the financial statements

Indicator	Book account	Balance at 30.12.2012 Before implementation IAS 29	Implementation IAS 29	Balance at 31.12.2012 After implementation IAS 29	Date when the inflation effects are eliminated in 2021	IAS 29 impact after elimination 2021
Capital social	10120000	36.944.248	987.626.807	1.024.571.055	-1.024.571.055	0
Rezerva legala	10610000	6.310.577	8.302.633	14.613.210	-14.613.210	0

Alte rezerve	10680000	18.876.552	12.414.196	31.290.748	-31.290.748	0
Rezultatul reportat	11710100	595.989	3.280	599.269	-3.280	0
Ajustari ale capitalul ui social	10280000	0	- 1.008.346.9 16	-1.008.346.916	1.008.346.916	0
Efect capitaluri			0			0

We specify the fact that the explanatory notes related to the financial statements of 2021 third quarter when this reversal will be effected - to the extent of its approval by the shareholders within the OGMS convened for August 26, 2021 - will provide examples and details related to how to make these reversals. We also want to emphasize once again the fact that these operations do not impact on the Company's capitals but only from the point of view of viewing the financial statements of Turbomecanica SA.

RADU VIEHMANN

President of the Board of Directors