

**PREFAB S.A. BUCURESTI***Preliminary individual financial statements prepared in accordance with the International Financial Reporting Standards - for the year ended on 31.12.2019*

(the amounts are expressed in RON)

**Preliminary situation of financial position  
on 31 December 2019**

<b>Name of indicators</b>	<b>31.12.2018</b>	<b>31.12.2019</b>
<b>1. Fixed assets, out of which:</b>	<b>227.691.013</b>	<b>227.951.726</b>
1.1 Intangible assets	8.388	11.502
1.2 Tangible assets	215.302.564	215.561.199
1.3 Real estate investments	2.930.000	2.930.000
1.4 Biological assets	10.192	9.156
1.5 Financial assets	9.439.869	9.439.869
<b>2. Current assets, total out of which</b>	<b>47.473.081</b>	<b>45.360.256</b>
2.1 Stocks	10.176.461	12.336.561
2.2 Trade receivables	36.557.102	32.391.071
2.3 Cash and cash equivalents	739.518	632.624
<b>3. Expenses in advance</b>	<b>1.280.687</b>	<b>1.003.507</b>
<b>Total Assets</b>	<b>276.444.781</b>	<b>274.315.489</b>

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<b>4. Own capitals</b>	<b>31.12.2018</b>	<b>31.12.2019</b>
4.1 Subscribed and paid share capital	24.266.709	24.266.709
4.2 Adjustment of share capital (IAS 29)	0	0
4.3 Other components of the own capital	(394.835)	(394.835)
4.4 Share premiums	14.305.342	14.305.342
4.5 Revaluation reserves	112.777.937	112.777.937
4.6 Legal reserves	4.471.426	4.535.497
4.7 Other reserves	32.287.421	33.471.043
4.8 Own shares	0	0
4.9 Reported result (117)	9.552.175	9.552.175
4.10 Reported result (118)	0	0
4.11 Profit or loss of period	2.236.378	1.097.339
4.12 Distribution of profit	(130.621)	(64.071)
<b>Total of own capitals</b>	<b>199.371.932</b>	<b>199.547.136</b>
<b>5. Subsidies for investments</b>	<b>5.569.558</b>	<b>5.039.763</b>
<b>6. Long-term liabilities, out</b>	<b>22.231.223</b>	<b>16.819.615</b>

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<b>of which:</b>		
1. Amounts due to credit institutions and other liabilities	21.698.388	16.367.991
2. Other debts	532.835	451.624
<b>Current debts, out of which:</b>	<b>49.272.068</b>	<b>52.908.975</b>
1. Trade debts and other type of debts	20.662.370	22.750.434
2. Amounts due to credit institutions	27.000.000	27.150.000
3. Debts of current taxes	1.609.698	3.008.541
<b>TOTAL LIABILITIES:</b>	<b>276.444.781</b>	<b>274.315.489</b>

**Chairman of the Board of Directors,  
Eng. Milut Petre Marian**

**Economic Manager,  
Ec. Boitan Daniela**

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**Profit and loss account - preliminary on 31 December 2019**

<b>Name of indicators</b>	<b>31.12.2018</b>	<b>31.12.2019</b>
<b>1.1 Net turnover</b>	<b>75.720.335</b>	<b>65.321.303</b>
1.2 Changes in inventories of finished goods and production in progress	3.750.907	6.427.492
1.3 Incomes from production of tangible assets	3.430.241	6.638.810
1.4 Incomes from real estate investments	0	14.000
1.5 Others incomes	565.831	579.982
<b>1. OPERATING INCOMES - TOTAL</b>	<b>83.467.314</b>	<b>78.981.587</b>
2.1 Raw materials and consumables used	35.574.578	29.379.114
2.2 Other external expenses (for energy and water)	13.734.867	14.836.728
2.3 Employee benefits expense	13.070.874	13.754.622
2.4 Depreciation and amortization expenses	7.343.633	7.792.530
2.5 Other expenses	8.629.550	9.351.966
<b>2. OPERATING EXPENSES - TOTAL</b>	<b>78.353.502</b>	<b>75.114.960</b>
<b>3. OPERATING PROFIT OR LOSS</b>	<b>5.113.812</b>	<b>3.866.627</b>
<b>4. Financial incomes</b>	<b>110.231</b>	<b>88.279</b>
<b>5. Financial expenses</b>	<b>2.611.621</b>	<b>2.673.487</b>
<b>6. FINANCIAL PROFIT OR LOSS</b>	<b>(2.501.390)</b>	<b>(2.585.208)</b>
<b>7. Total incomes</b>	<b>83.577.545</b>	<b>79.069.866</b>
<b>8. Total expenses</b>	<b>80.965.123</b>	<b>77.788.447</b>
<b>9. GROSS PROFIT</b>	<b>2.612.422</b>	<b>1.281.419</b>
<b>10. Profit tax</b>	<b>376.044</b>	<b>184.080</b>
<b>11. NET PROFIT</b>	<b>2.236.378</b>	<b>1.097.339</b>

Compared to 2018, in 2019 there are no significant changes in demand in the building materials market. The market for prefabricated products is still affected by the lack of large infrastructure projects.

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Both the Ordinance 114/2018 and political changes have strongly printed the economic climate wherein we fulfill our activity. This is characterized by lack of great investments in national infrastructure, inconstancy in requests on construction materials market, excessive shifting taxation, burden legislation, excessive bureaucracy in getting approvals and authorizations needed to operate, exchange risk influencing the price of several raw materials, inflation caused by increasing the minimum wages with all subsequent consequences which led to price increasing.

The turnover registered on 31.12.2019 is down 13.74% compared to the one registered on 31.12.2018, depreciation due to the decrease of the quantities of commercialized products. The year 2019 was characterized by a decrease in the demand in the market of construction materials, determined by the increase of inflation and by the effects of the application of the Ordinance no. 114/2018.

The operating result on 31.12.2019 is in the amount of 3.866.627 RON, compared to 5.113.812 RON, realized on 31.12.2018, decreasing compared to the same period of the previous year, due to the ones mentioned above.

The financial result at 31.12.2019 is in the amount of -2.585.208 RON, compared to -2.501.390 RON made in the same period of 2018, the difference being caused by the fluctuation of the national currency against the European currency, in the case of commercial transactions in foreign currency and by increasing the reference interest rate communicated by the National Bank of Romania (ROBOR), in the case of bank loans.

The value of the fixed assets increased by 0.12%, from 227.691.013 (31.12.2018) to 227.951.726 RON (31.12.2019), an increase due mainly to the new production capacities put into operation.

The value of current assets decreased by 4.45%, from 47.473.081 RON (31.12.2018) to 45.360.256 RON (31.12.2018), due in large part to the decrease in the trade receivables position.

The total debts decreased by 2.49%, from 71.503.291 RON (31.12.2018) to 69.728.590 RON (31.12.2019), mainly due to the reduction of long term debts.

**Chairman of the Board of Directors,  
Eng. Milut Petre Marian**

**Economic Manager,  
Ec. Boitan Daniela**

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**PREFAB S.A.  
Board of Directors Statement**

PREFAB S.A. Board of Directors hereby declares that assumes responsibility for the preliminary financial statements made on 31.12.2019.

PREFAB S.A. Board of Directors, in respect of the preliminary financial statements made on 31.12.2019, confirm the following:

a) The preliminary financial statements made on 31.12.2019 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparing the preliminary financial statements made on 31.12.2019 are in accordance with applicable accounting regulations.

b) The preliminary financial statements made on 31.12.2019 provide an accurate image of the financial position, financial performance and other information related to the business.

The company operates in conditions of continuity.

This statement is in accordance with the provisions of art. 30 by Accounting Law no. 82/1991, republished.

**Chairman of the Board of Directors,  
Eng. Milut Petre Marian**