Q1 2020 REPORT
(according to ASF Regulation no. 5/2018, Annex 13B)

Report date: **May 15, 2020**

Company name: **S.C. RETRASIB S.A.**

Registered Office**: Sibiu, 156 Ştefan cel Mare Street, Sibiu County**

Telephone number: **0269253269; Fax 0269253279**

Unique taxpayer reference from the Trade Registry Office: **RO 3906360**

Registration number at the Trade Registry: **J 32/16/1993**

Subscribed and paid share capital: **121.521,20 lei, nominal value 0,10 lei**

Regulated market where issued securities are traded: **Bucharest Stock Exchange, ticker symbol RTRA**

Introduction

S.C. RETRASIB S.A. Sibiu Company was established under the Government Decision 322/92 by detaching from RENEL-FRE Sibiu the department of equipment repairs and manufacturing of specific products for the electrical energy sector. It operates as joint stock company according to the Law no. 31/1990 republished, as subsequently amended and supplemented. The core business is provided in art. 6 of the Company's Articles of Incorporation and as per NACE Classification, the main business is "Manufacture of electric motors, generators and transformers" – NACE Code 2711.

Within S.C. RETRASIB S.A. Sibiu, the accounting is organized into a distinct department and is compliant with the provisions of the Accounting Law no. 82/1991, the Order of the Ministry of Public Finance no. 881/2012 on application by companies whose securities are admitted for trading on a regulated market of the International Financial Reporting Standards and the Order of the Ministry of Public Finance no. 1286/2012 for approving the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted for trading on a regulated market.

I. ECONOMIC-FINANCIAL STATEMENT

a) Balance sheet elements

- lei-

	01.01.2020	31.03.2020	Δ% 31.03.2020/ 01.01.2020
FIXED ASSETS	**44.678.185**	**44.444.612**	**-0,52%**
CURRENT ASSETS			
INVENTORIES	13.471.891	13.732.050	1,93%
ACCOUNTS RECEIVABLES	85.219.816	91.087.017	6,88%
SHORT TERM FINANCIAL INVESTMENTS	-	-	-
CASH AND CASH EQUIVALENTS	84.834	33.975	-59,95%
TOTAL CURRENT ASSETS	**98.776.541**	**104.853.042**	**6,15%**
ADVANCE PAYMENTS	107.061	33.029	-69,15%
DEBTS DUE WITHIN ONE YEAR	157.028.496	163.546.572	4,15%
NET CURRENT ASSETS, RESPECTIVELY CURRENT LIABILITIES	-58.144.894	-58.660.501	0,89%
TOTAL ASSETS MINUS CURRENT LIABILITIES	**-13.466.709**	**-14.215.889**	**5,56%**
DEBTS DUE IN A PERIOD GREATER THAN 12 MONTHS	4.461.897	4.341.859	-2,69%
PROVISIONS FOR RISKS AND CHARGES	1.993.786	1.575.108	-21,00%
UNEARNED REVENUE	-	-	-
CAPITAL	827.939	827.939	0,00%
SHARE PREMIUM ACCOUNT	-	-	-
REVALUATION RESERVES	9.190.143	9.190.143	0,00%
RESERVES	4.730.542	4.730.542	0,00%
REPORTED RESULT EXCEPT THAT ARISEN FROM THE ADOPTION OF IAS 29	-31.570.403	-34.250.121	8,49%
REPORTED RESULT ARISEN FROM THE ADOPTION OF IAS 29	-420.895	-420.895	0,00%
NET PROFIT	-2.679.718	-210.464	-92,15
PROFIT ALLOCATION	-	-	-
OWNERS' EQUITY - TOTAL	-19.922.392	-20.132.856	1,06
TOTAL CAPITAL	**-19.922.392**	**-20.132.856**	**1,06**

By analysing the elements of the accounting balance sheet in comparison with the early 2020, the following can be observed:

- As at March 31, 2020 the company has in its patrimony fixed assets whose value amounts to 44.44 mn lei, with a decrease of 0.52% comparing with early 2020 (44.68 mn lei at 01.01.2020). During the first quarter of 2020, fixed assets amounting to 0.41 mn lei have been put in operation. The share of fixed assets in total assets as at 31 March 2020 is 29.76%.
- The stocks recorded an increase by 1.93% (13.73 mn lei at 31.03.2020 vs. 13.47 mn lei at 01.01.2020), the largest share having stocks of raw materials and materials. The share of stocks in total assets as at 31 March 2020 is 9.20%.
- The receivables amount to 91.09 million lei, representing 61.00% of the total assets, while at the beginning of the year they amounted to 85.22 million lei, with an increase of 6.88% in the first 3 month of the year. The Company applies "Percentage of completion" method, according to IAS 11. Of the total customers' balance on March 31, 2020, 69.46% represents not due bills, while 5.83% exceeded 90 days.
- Cash and cash equivalents on March 31, 2020 amount to 0.034 mn lei vs. 0.085 mn lei at 01.01.2020. The highest share in this category is the accounts in RON and in foreign currency.
- Advance expenses on March 31, 2020 amount to 0.033 mn lei, compared to 0.107 mn lei on January 01, 2020, the most important share is held by the Auto insurance, maintenance fee for BSE, taxes on buildings, land, car.
- Total current assets at 31.03.2020 104.853.042 lei
  Total current assets at 01.01.2020 98.776.541 lei
  On March 31, 2020 the total current assets increased by 6,15% compared to the January 01, 2020.
- Total current liabilities on 31.03.2020 163.546.572 lei
  Total current liabilities on 01.01.2020 157.028.496 lei.
  On March 31, 2020, the total current liabilities increased by 4,15% compared to the Jan 01, 2020.

Company's liabilities compared to the beginning of the year:

- lei-

Type of liability	Balance on Jan 01, 2020	Balance on March 31, 2020
1. Long- and medium-term leasing	4.461.897	4.341.859
2. Short-term bank loans	41.348.703	41.680.617
3. Bank interests	-	-
4. Other loans and financial liabilities	-	-
5. Debts towards companies within the group	29.497.840	29.782.369
6. Corporate tax	-	-
7. Commercial liabilities and advan. payments	79.782.549	84.497.953
8. Personnel obligations and similar accounts	482.485	660.811
9. State budget obligations (salary tax, special funds, penalties, other liabilities) and social contributions	876.481	1.143.644
10. Other liabilities	5.040.438	5.781.178
TOTAL	**161.490.393**	**167.888.431**

- Total debts increased by 3.96% (167.89 mn lei 31.03.2020 vs.161.49 mn lei as at 01.01.2020)
- The debts to suppliers represent 31.84% out of the total debts and the advance payments from customers represent 18.48% out of the total debts. The balance of trade debts registered an increase of 5.91%, from 79.78 mn lei on 01.01.2020, to 84.50 mn lei on 31.03.2020.
- Provisions for risks and charges have been established, the balance on March 31, 2020 being 1.58 mn lei.
- Share capital equals 0.121 mn lei, Adjustments to the Share capital in the amount of 0.256 mn lei and Other elements of capital are 0.451 mn lei.

- Revaluation reserves add up to 9.19 mn lei, the last revaluation having been performed on December 31, 2017.
- The reserves amounting to 4.73 mil lei are composed of: revaluation of sold land 220 thousand lei, allocation of profit for 2009, 2010, 2011 and 2013 in amount of 4.51 mn lei.
- At the end of the 3rd month of 2020, a loss of 0.21 mn lei has been recorded, whereas on January 01, 2020 the recorded loss amounted to 2.68 mn lei.

b) Profit and loss account

	31.03.2019	31.03.2020	Δ% 2020/2019
1. TURNOVER	**30.719.345**	**51.696.129**	**68,29%**
2. TOTAL REVENUES, OF WHICH:	**32.194.629**	**54.328.072**	**68,75%**
OPERATING REVENUES	32.194.445	54.328.024	68,75%
FINANCIAL REVENUES	184	48	-73,91%
EXTRAORDINARY REVENUES	-	-	-
3. TOTAL EXPENSES, OF WHICH:	**33.385.073**	**54.538.072**	**63,36%**
OPERATING EXPENSES	32.268.605	53.047.650	64,39%
FINANCIAL EXPENSES	1.116.468	1.490.886	33,54%
EXTRAORDINARY EXPENSES	-	-	-
4. GROSS PROFIT OR LOSS(A) OF WHICH:	-	-	-
GROSS LOSS	**1.190.444**	**210.464**	**-82,32%**

By reviewing the profit and loss account, the following can be observed:
- The turnover on March 31, 2020 amounts to 51.70 mn lei, representing an increase by 68.29% compared to the corresponding period from the previous year.
- Total revenues amounted to 54.33 million lei, 68.75% more than in the similar period of 2019 (32.19 million lei). The highest share in total revenues is the operating income, namely 99,999%.
- Total expenses registered an increase of 63.36% compared to the 3rd month of 2019 (54.54 mn lei in the year 2020 vs 33,39 mm lei in the Q1 2019). Operating expenses represent 97.27% of total expenses.
- Financial income, consisting mainly of interests, decreased by 73.91%, from 184 lei in Q1 2019, to 48 lei in Q1 2020.
- Financial expenses increased by 33.54% to 1.49 mn lei at the end of the reporting period (1.12 mn lei in the similar period of 2019)
- No extraordinary revenues and expenses have been recorded.
- The loss recorded at the end of the reporting period is of 0,21 mn lei, 82.32% lower than on March 31, 2019 (1.19 mn lei). The loss stems from the increase in the price of materials and the failure to cover all production capacity.

c) Cash-flow

In the first 3 months of 2020, compared to the beginning of the year, cash-flow has decreased with 50.85 thousand lei, liquid assets amounting to 84.83 thousand lei at the beginning of the year, and to 33.98 thousand lei on March 31, 2020.

II. ANALYSIS OF COMPANY'S ACTIVITY

2.1. Uncertainty tendencies, elements, events or factors which influence or may influence the liquidity of the company, compared to the corresponding period from the previous year

In the first 3 months of 2020, the company's ability to cover current liabilities from current assets has been positive, the current liquidity ratio recording the 0,64 value, a relatively good value considering that the company product have a long manufacturing cycle.

No uncertainty factors that could influence the company's liquidity have been identified.

2.2. Effects of capital expenses, current or anticipated, on the company's financial statement

In the first 3 months of 2020, investments for tangible fixed assets were made in the amount of 0.41 mn lei, the source of financing being its own sources.

The company has tangible investments in progress on 31.03.2020 amounting to 2.23 mn lei and intangible investments in progress on 31.03.2020 amounting to 0.36 mn lei.

2.3. Economic events, transactions, economic changes which influence core activity revenues significantly

The main activity object of the company is the manufacture of electrical power transformers and of products specific to the energy sector.

Important project categories for 3 months of 2020:

- new transformers and components - 50.89 mn lei
- Services & and other revenues - 0.81 mn lei

Factors which influence core activity revenues significantly are:

- increase of prices for raw materials and materials
- competitors from the activity sector
- absence of orders on the entire production capacity
- financial strangling of the economy

III. CHANGES INFLUENCING CAPITAL AND THE COMPANY'S MANAGEMENT;

3.1. There were no situations in which the company was faced to the impossibility of meeting its financial obligations.

3.2. On 31.03.2020 the shareholding structure was presented as follows:

Shareholder	Share number	%
SGB SMIT INTERNATIONAL GMBH	1.138.003	93,6465%
Natural persons	76.753	6,316%
Legal entities	456	0,0375%
TOTAL	1.215.212	100%

The company has a Registry services agreement with SC Depozitarul Central SA Bucharest.

IV. SIGNIFICANT TRANSACTIONS

By 31th of March 2020 the Company performed significant transactions with affiliated companies as follows:

	Purchase (RON)	**Sales (RON)**
STARKSTROM SGB	519.554	21.127.433
SGB - Smit Management GmbH		-
SGB – Smit GmbH	413.797	-
Royal TRANSFORMATOREN Smit BV	-	-
TrafoProject	-	-
Total from sales/purchases of goods and services	**933.350**	**21.127.433**

We specify that the financial statements of SC RETRASIB SA on March 31, 2020 are not audited.

General manager,
Gherghel-Diaconeasa Claudia-Adela

Financial manager,
Panaitescu Roxana-Laura

FINANCIAL AND ECONOMINCAL INDICATORS AT 31.03.2020
According to Annex 13A of ASF 5/2018 Regulation

1. Current liquidity asset = $\frac{Current\ assets}{Current\ debts} =$ 104.853.042 / 163.546.572 = 0,64

Current liquidity is defined by ratio between the current assets and the current debts. To insure the possibility to payback the debts, the current liquidity must register high values.
The value resulted (0,64) is a corresponding degree of safety of payment of the debts, both for the banks and for the suppliers and for the state budget, considering that the company's products have a long manufacturing cycle. If we consider that the General Extraordinary Assembly Meeting from January 2017 has approved the increase of the capital, the resulting value would be improved.

2. Indebtedness indicator = $\frac{Borrowedcapital}{Owncapital} \times 100 =$ 4.341.859 / -20.132.856 x 100 = -21,57%

The indebtedness value before capital increase is of -21,57%, where if considering the ongoing procedure of capital increase, the resulting value would be much better, and shows that the company relies more on own financing sources and may use borrowed resources for investments.

3. Rotation speed for client debit items =

$$\frac{Client\ \ medium\ balance}{Turnover} \times 90 = \frac{\left(\frac{(Balance\ \ beginning.year + BalanceMarch)}{2}\right)}{Turnover} \times 90 =$$

= 28.202.547 / 51.696.129 x 90 = 49 days

Rotation speed for client debit items of 49 days shows that the company has greatly improved the collection of its receivables.

4. Rotation speed for fixed assets = $\frac{Turnover}{Fixed\ \ assets} =$ 51.696.129 / 44.444.612 = 1,16

Rotation speed of fixed assets of 1,16 shows an efficient management of fixed assets, considering that the turnover is only related to the first quarter.

The company's financial statements at 31.03.2020 have not been audited.

General Manager,
Gherghel-Diaconeasa Claudia-Adela

Financial Manager,
Panaitescu Roxana-Laura

Entity: **RETRASIB SA**
County: Sibiu Locality: Sibiu Street: Ştefan cel Mare No.156 Telephone 0269253269
Trade Register Number: J 32/16/1993 Sole registration code: 3906360
Ownership: 34-Joint stock companies
Main activity (NACE code and name): 2711 – Manufacture of engines, generators and power transformers

SITUATION OF ASSETS, DEBTS AND OWN EQUITY

on 31.03.2020

Code 10 - lei -

Element description	Row no.	Balance on: 01.01.2020	Balance on: 31.03.2020
A	**B**	**1**	**2**
A. **IMMOBILIZED ASSETS**			
I. INTANGIBLES			
1. Development expenses (acc. 203-2803-2503)	01		
2. Concessions, patents, licenses, trade marks, rights and similar assets and other intangibles (acc. 205 + 208-2805 - 2808-2905-2906-2908)	02	993.764	1.034.816
3. Commercial fund (acc. 2071)	03		
4. Intangibles in progress (acc. 233-2933)	04		
TOTAL (row 01 to 04)	05	993.764	1.034.816
II. TANGIBLES			
1. Lands and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 -2912)	06	14.079.553	13.956.265
2. Technical installations and machineries (acc. 213+223 - 2813 - 2913)	07	12.708.878	12.561.799
3. Other installations, machineries and furniture(acc214+224-2814-2914)	08	60.757	53.156
4. Real estate investments (acc. 215 - 2815 - 2915)	09	12.786.461	12.786.461
5. Tangibles in progress (acc. 231 - 2931)	10	2.221.851	2.227.524
6. Real estate investments in progress (acc. 235 – 2935 + 4093)	11		
TOTAL (row 06 to 11)	12	41.857.500	41.585.205
III. BIOLOGIC ASSETS (acc. 241 -284-294)	13		
IV. FINANCIAL IMMOBILISATIONS			
1. Shares held in subsidiaries (acc. 261 - 2961)	14		
2. Loans granted to entities within the group (acc. 2671 + 2672-2964)	15		
3. Shares held in associated entities and entities jointly controlled (acc. 262 + 263 - 2962)	16		
4. Loans granted to associated entities and entities jointly controlled (acc. 2673 + 2674 - 2965)	17		
5. Other immobilised titles (acc. 265 + 266-2963)	18	844.856	844.856
6. Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	19	982.065	979.735
TOTAL (row 14 to 19)	20	1.826.921	1.824.591
IMMOBILISED ASSETS - TOTAL (row 05+12+13+20)	21	44.678.185	44.444.612
B. CURRENT ASSETS			
I. STOCKS			
1. Raw materials and consumables (acc. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 - 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	22	12.193.380	9.080.523
2. Immobilised assets held and intended for sale Active (acc. 311)	23		
3. Production in progress (acc. 331 + 341 +/- 348* - 393 - 3941 - 3952)	24	931.531	3.563.549
4. Finite products and freight (acc. 327 + 345 + 346 + 347 +/- 348* + 354 + 357 + 371 +/- 378 - 3945 - 3946 - 3953 - 3954 - 3957 - 397 - 4428)	25		
5. Advanced payments (acc. 4091)	26	346.980	1.087.978
TOTAL (row 22 to 26)	27	13.471.891	13.732.050
II. RECEIVABLES (Amounts to be collected after a period exceeding one year shall be presented separately for each item.)			
1. Trade receivables (acc. 2675* + 2676 *+ 2678* + 2679* - 2966* - 2968* + 411 + 413 + 418-491)	28	83.922.991	89.729.770
2. Advanced payments (acc. 4092)	29	1.089	
3. Amounts to collect from the entities within the group (acc. 451** -495*)	30		
4. Amounts to collect from associates entities and jointly controlled entities (acc. 453 - 495*)	31		
5. Receivables resulting from operations with derivative instruments (acc. 465)	32	549.722	549.722
6. Other receivables (acc. 425 + 4282 + 431** + 437**+4382+441** + 4424+4428**+444**+445+446**+447**+4482+4582+461+473**-496+5187)	33	746.014	807.525

7. Subscribed and unpaid capital (acc. 456 - 495*)	34		
TOTAL (row 28 to 33)	35	85.219.816	91.087.017
III. SHORT TERM INVSETMENTS (acc. 505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	36		
IV. PETTY CASH AND BAN ACCOUNTS (acc. 5112 + 512 + 531 + 532 + 541 + 542)	37	84.834	33.975
CURRENT ASSETS - TOTAL (row 27+ 33 + 35 + 37)	38	98.776.541	104.853.042
C. ADVANCED EXPENSES (acc. 471)	39	107.061	33.029
D. DEBTS: AMOUNTS TO BE PAID WITHIN MAXIMUM ONE YEAR			
1. Loans from bond emission, presented separately from the loans from convertible bond emissions (acc. 161 + 1681 - 169)	40		
2. Amounts due to credit institutions (acc. 1621 + 1622 + 1624+ 1625 + 1627 + 1682 + 5191 +5192 + 5198)	41	41.348.703	41.680.617
3. Advanced payments collected for orders (acc. 419)	42	20.723.072	31.033.580
4. Commercial debts - suppliers (acc. 401 + 404 + 408)	43	59.059.477	53.464.372
5. Commercial effects payable (acc. 403 + 405)	44		
6. Debts from financial leasing operations (acc. 406)	45		
7. Amount due to entities within the group (acc.1661+1685+2691+451***)	46	29.497.840	29.782.369
8. Amounts due to associated entities and jointly controlled entities (acc. 1663+1686+2692+ 453***)	47		
9. Debts from operations with derivative instruments (acc. 465)	48	13.046	13.046
10. Other debts, including tax debts and debts for social securities (acc. 1623 + 1626+ 167 + 1687 + 2693 + 421 +422 + 423 + 424 + 426 + 427 + 4281 + 431*** +437*** + 4381 + 441**» + 4423 +4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	49	6.386.358	7.572.588
TOTAL (row 41 to 49)	50	157.028.496	163.546.572
E. NET CURRENT ASSETS / NET CURRENT DEBTS (row 38+39-50-69)	51	-58.144.894	-58.660.501
F. TOTAL ASSETS MINUS CURRENT DEBTS (row 21+51)	52	-13.466.709	-14.215.889
G. DEBTS: AMOUNTS TO BE PAID WITHIN MORE THAN ONE YEAR			
1. Loans from bond emission, presented separately from the loans from convertible bond emissions (acc. 161 + 1681 -169)	53		
2. Amounts due to credit institutions (acc. 1621 + 1622+ 1624 + 1625 + 1627 + 1682 + 5191 +5192 + 5198)	54		
3. Advanced payments collected for orders (acc. 419)	55		
4. Commercial debts - suppliers (acc. 401 + 404 + 408)	56		
5. Commercial effects payable (acc. 403 + 405)	57		
6. Debts from financial leasing operations (acc. 406)	58		
7. Amount due to entities within the group (acc. 1661 + 1685 + 2691 + 451***)	59		
8. Amounts due to associated entities and jointly controlled entities (acc. 1663+1686+2692+ 453***)	60		
9. Debts from operations with derivative instruments (acc. 465)	61		
10. Other debts, including tax debts and debts for social securities (acc. 1623 + 1626+ 167+ 1687 + 2693 + 421 +422 + 423 + 424 + 426 + 427 + 4281 + 431 *** + 437*** + 4381 + 441 *** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456***+ 4581 + 462 + 473*** + 509 + 5186+5193 + 5194 + 5195 + 5196 + 5197)	62	4.461.897	4.341.859
TOTAL (row 53 to 62)	63	4.461.897	4.341.859
H. PROVISIONS			
1. Provisions for employee benefits (acc. 1517)	64		
2. Other provisions (acc. 1511 + 1512 + 1513 + 1514+1518)	65	1.993.786	1.575.108
TOTAL (row 64 to 65)	66	1.993.786	1.575.108
I. ADVANCED REVENUES			
1. Subsidies for investments (acc. 475)	67		
2. Revenues recorded in advance (acc. 472) - total (row 68+69)), of wh:	68		
Amounts to resume within maximum one year (acc. 472*)	69		
Amounts to resume within more than one year (acc. 472*)	70		
3. Advanced revenues afferent to assets from client transfers (acc. 478)	71		
TOTAL (row 66+67+70)	72		
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid up capital (acc. 1012)	73	121.521	121.521

2. Subscribed and unpaid capital (acc. 1011)	74		
3. Subscribed capital representing financial debts [2] (acc. 1027)	75		
4. Shared capital adjustments (acc. 1028) BALANCE C	76	255.610	255.610
BALANCE D	77		
5. Other elements in own equity (acc. 103) BALANCE C	78	450.808	450.808
BALANCE D	79		
TOTAL (row 73+74+75 +76 -77+78-79)	80	827.939	827.939
II. CAPITAL PREMIUMS (acc. 104)	81		
III. REVALUATION RESERVES (acc. 105)	82	9.190.143	9.190.143
IV. RESERVES			
1. Legal reserves (acc. 1061)	83	584.728	584.728
2. Statutory and contractual reserves (acc. 1063)	84		
3. Other reserves (acc. 1068)	85	4.145.814	4.145.814
TOTAL (row 83 to 85)	86	4.730.542	4.730.542
Differences from currency exchange rate for the conversion of individual annual financial statements in a currency other than the operational currency (acc. 1072) BALANCE C (acc.1072)	87		
BALANCE D (acc.1072)	88		
Own shares (acc. 109)	89		
Revenues from own equity instruments (acc. 141)	90		
Loses from own equity instruments (acc. 149)	91		
V. REPORTED RESULT, EXCEPT FOR THE REPORTED RESULT FROM THE FIRST ADOPTION OF IAS 29 BALANCE C (acc.117)	92		
BALANCE D (acc.117)	93	31.570.403	34.250.121
VI. REPORTED RESULT FROM THE FIRST ADOPTION OF IAS 29 BALANCE C (acc.118)	94		
BALANCE D (acc.118)	95	420.895	420.895
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD BALANCE C (acc.121)	96		
BALANCE D (acc.121)	97	2.679.718	210.464
Profit distribution (acc. 129)	98		
OWN EQUITY - TOTAL (row 80+81+82+86+87-88-89+90-91+92-93+94-95+96-97-98)	99	-19.922.392	-20.132.856
Public assets (acc. 1026)	100		
CAPITALS - TOTAL (row 99+100)	101	-19.922.392	-20.132.856

ADMINISTRATOR,

Gherghel-Diaconeasa Claudia-Adela

Signature _____

Official stamp

Prepared by,

Panaitescu Roxana-Laura

As: FINANCIAL MANAGER

Signature _____

Entity: **RETRASIB SA**
County: Sibiu Locality: Sibiu Street: Ştefan cel Mare No.156 Telephone 0269253269
Trade Register Number: J 32/16/1993 Sole registration code: 3906360
Ownership: 34-Joint stock companies
Main activity (NACE code and name): 2711 – Manufacture of engines, generators and power transformers

SITUATION OF REVENUES AND EXPENSES
on 31.03.2020

Code 20 - lei -

Index description	Row no.	To: 31.03.2019	31.03.2020
A	**B**	**1**	**2**
1. Net turnover (row.02+03-04+05)	01	30.719.345	51.696.129
Production sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)	02	30.719.345	51.696.129
Revenues from freight sold (acc. 707)	03		
Commercial discounts granted (acc. 709)	04		
Revenues from operational subsidies afferent to the turnover (acc. 7411)	05		
2. Revenues afferent to product stock costs (acc. 711)			
Balance C	06	380.728	2.628.784
Balance D	07		
3. Revenues from the production of immobilisations and real estate investments (row 09+10)	08	1.090.156	
4. Revenues from the production of tangibles and intangibles (acc.721+722)	09	1.090.156	
5. Revenues from the production of real estate investments (acc. 725)	10		
6. Revenues from immobilised assets (or groups intended for assignment) held and intended for sale (acc. 753)	11		
7. Revenues from the revaluation of tangibles and intangibles (acc. 755)	12		
8. Revenues from real estate investments (acc. 756)	13		
9. Revenues from biologic assets and agricultural products (acc. 757)	14		
10. Revenues from operational subsidies in case of disasters and other similar events (acc. 7417)	15		
11. Other operational revenues (acc. 758 + 7419)	16	4.216	3.111
OPERATIONAL REVENUES – TOTAL (row 01+06-07+08+11+12+13+14+15+16)	17	32.194.445	54.328.024
12. a) Expenses with raw materials and consumables (acc.601+ 602-7412)	18	24.518.733	42.058.787
Other material expenses (acc. 603 + 604 + 608)	19	-124.423	127.077
b) Other external expenses (energy and water) (acc. 605 - 7413)	20	520.675	636.965
c) Expenses with freight (acc. 607)	21		
Commercial discounts received (acc. 609)	22	7.393	73.388
13. Personnel expenses (row 24 + 25) of which	23	3.890.556	4.784.871
a) Salaries and compensations (acc. 641 + 642 + 643 + 644 - 7414)	24	3.804.270	4.663.851
b) Expenses regarding insurances and social security (acc. 645 - 7415)	25	86.286	121.020
14. a) Value adjustments regarding tangibles and intangibles, real estate investments and biologic assets to cost (row 27 - 28)	26	667.153	719.581
a.1) Expenses (acc. 6811 + 6813 + 6816 + 6817)	27	667.153	719.581
a.2) Revenues (acc. 7813 + 7816)	28		
b) Value adjustments regarding current assets (row 30 - 31)	29		
b.1) Expenses (acc. 654 + 6814)	30		
b.2) Revenues (acc. 754 + 7814)	31		
15. Other operational expenses (row 33 to 41)	32	3.102.290	5.181.445
15.1 Expenses regarding external services (acc. 611 + 612 + 613 + 614 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628 - 7416)	33	1.876.649	3.549.542
15.2 Expenses with taxes, fees and assimilated payments (acc. 635)	34	190.907	223.219
15.3 Expenses with environmental protection (acc. 652)	35		
15.4 Expenses related to immobilised assets (or groups intended for assignment) held and intended for sale (acc. 653)	36		
15.5 Expenses from the revaluation of tangibles and intangibles (acc. 655)	37		
15.6 Expenses with real estate investments (acc. 656)	38		
15.7 Expenses with biologic assets and agricultural products (acc. 657)	39		
15.8 Expenses with disasters and other similar events (acc. 6587)	40		
15.9 Other expenses (acc. 6581 + 6582 + 6585 + 6588)	41	1.034.734	1.408.684
Adjustments regarding provisions (row 43 - 44)	42	-298.986	-387.688
- Expenses (acc. 6812)	43	-298.986	-387.688

- Revenues (acc. 7812)	44		
OPERATIONAL EXPENSES – TOTAL (row 18 to 21-22+23+26+29+32+42)	45	32.268.605	53.047.650
OPERATIONAL PROFIT OR LOSS:			
- Profit (row.17-45)	46		1.280.374
- Loss (row 45-17)	47	74.160	
16. Revenues from shares held in subsidiaries (acc. 7611)	48		
17. Revenues from shares held in associated entities and jointly controlled entities (acc. 7613)	49		
18. Revenues from operations with titles and other financial instruments (acc. 762)	50		
19. Revenues from operations with derivative instruments (acc. 763)	51		
20. Revenues from currency exchange rates (acc. 765)	52		
21. Revenues from interests (acc. 766*)	53	184	48
- of which, revenues from entities within the group	54		
22. Other financial revenues (ct 7615 + 764 + 767 + 768)	55		
FINANCIAL REVENUES – TOTAL (row 48+49+50+51+52+53+55)	56	184	48
23. Value adjustments regarding financial immobilisations and financial investments held as current assets (row 58 - 59)	57		
- Expenses (acc. 686)	58		
- Revenues (acc. 786)	59		
24. Expenses with operations with titles and other financial instruments (acc. 661)	60		
25. Expenses with operations with derivative instruments (acc. 662)	61		
26. Expenses regarding interests (acc. 666*-7418)	62	1.116.468	1.490.886
- of which expenses regarding the relation to entities within the group	63		
27. Other financial expenses (acc. 663 + 664 + 665 + 667 + 668)	64		
FINANCIAL EXPENSES – TOTAL (row 57+60+61+62+64)	65	1.116.468	1.490.886
FINANCIAL PROFIT OR LOSS:			
- Profit (row 56-65)	66		
- Loss (row 65-56)	67	1.116.284	1.490.838
TOTAL REVENUES (row 17+56)	68	32.194.629	54.328.072
TOTAL EXPENSES (row 45+65)	69	33.385.073	54.538.536
28. GROSS PROFIT OR LOSS			
- Profit (row 68-69)	70		
- Loss (row 69-68)	71	1.190.444	210.464
29. Tax per current profit (acc. 691)	72		
30. Tax per deferred profit (acc. 692)	73		
31. Revenues from the tax per deferred profit (acc. 792)	74		
32. Other taxes not presented within the elements above (acc. 698)	75		
33. NET PROFIT OR LOSS FOR THE REPORTING PERIOD			
- Profit (row.70-72-73+74-75)	76	0	0
- Loss (row 71+72+73-74+75) (row 72+73+75-70-74)	77	1.190.444	210.464

ADMINISTRATOR,

Gherghel-Diaconeasa Claudia-Adela

Signature _____

Official stamp

Prepared by,

Panaitescu Roxana-Laura

As: FINANCIAL MANAGER

Signature _____

RETRASIB
Your dedicated partner
of the SGB-SMIT Group

RETRASIB SA

FINANCIAL STATEMENTS

FOR 3 MONTHS 2020

Prepared according with the Order of the Ministry of Public Finance no. 2844/2016 for Approval of Accounting Regulations in accordance with International Financial Reporting Standards

Contents:

General Information

RETRASIB SA (" Company ") is a joint stock company which operates in accordance with Romanian Law No. 31/1990 on trading companies.
The company is headquartered in Sibiu, Stefan cel Mare Street, no. 156, county of Sibiu.
The main activity of the company is producing and selling the following products:

- parts for and power transformers and autotransformers with powers up to 400 MVA and voltages up to 440 kV.
- Special transformers for:
  Mobile substation
  Rail- and subway substations
  Industrial sector
- Engineering, production, delivery, on-site erection, site acceptance tests, commissioning , after market services, trainings for operating staff
- Diagnostics, maintenance, repairing and refurbishments oftransformers at producers facility andon-site.

The average number of employees of company at March 2020 was 211 employees (in 2019: 192 employees). At 31/03/2020 the company had 226 employees (at 31/03/2019: 209 employees)
The company shares are listed on the Bucharest Stock Exchange, indicative RTRA since June 2011.
On 31 March 2020, the Company is owned in proportion of:

Shareholder	Shares	Percentage
SGB SMIT INTERNATIONAL GMBH	1.138.003	93,6465%
Shareholders of individuals	76.753	6,316%
Legal persons shareholders	456	0,0375%
TOTAL	1.215.212	100%

Evidence of shares and shareholders is held according to the law by the Central Depository Bucharest.
The ultimate parent is an investment fund called One Equity Partners.

STATEMENT OF FINANCIAL POSITION

	Note	31/03/2020	31/12/2019	31/03/2019
ASSETS				
Tangible assets	3	25.889.897	26.050.459	26.245.095
Right-of-use assets	3	2.908.847	3.020.580	-
Investment property	5	12.786.641	12.786.461	10.405.161
Intangible assets	4	1.034.816	993.764	807.517
Financial assets		979.735	982.065	3.465.253
Deferred tax asset	16	844.856	844.856	1.049.797
Total fixed assets		**44.444.612**	**44.678.185**	**41.972.823**
Inventories	6	13.732.050	13.471.891	8.524.812
Trade receivables	7	33.755.256	31.319.834	19.358.643
Contract assets	7	55.974.514	52.603.157	19.332.125
Hedge receivables	29	549.722	549.722	241.740
Prepaid expenses		33.029	107.061	294.648
Cash and cash equivalents	8	33.975	84.834	1.622.672
Other receivables	9	807.525	746.014	543.392
Total current assets		**104.886.071**	**98.882.513**	**49.918.031**
TOTAL ASSETS		**149.330.683**	**143.560.698**	**91.890.854**
EQUITY				
Share capital	10	377.131	377.131	31.037.997
Revaluation reserves	11	9.190.143	9.190.143	9.290.970
Reserves	11	5.181.350	5.181.350	4.350.892
Retained earnings		-34.881.480	-34.671.016	-63.943.435
Equity		**-20.132.856**	**-19.922.392**	**-19.263.575**
LIABILITIES		**84.753.215**	**78.960.121**	**30.654.455**
Lease liability, long term	24	2.415.777	2.535.814	2.956.234
Long-term provisions	15	1.351.733	1.332.722	1.151.678
Other long-term liabilities		64.129	64.129	64.129
Deferred tax liabilities	16	1.861.954	1.861.954	1.447.801
Total liabilities on long term		**5.693.592**	**5.794.619**	**5.619.842**
Short-term trade payables	12	68.685.732	64.886.893	38.245.423
Contract liabilities	12	15.812.220	14.894.567	7.227.385
Short term bank loans	14	41.680.617	41.348.703	29.372.620
Lease liability, short term	24	451.496	443.191	398.560
Hedge liabilities		13.046	13.046	693.705
Short-term intra-group loans	14	29.782.369	29.497.840	23.972.446
Provisions	15	223.375	661.064	898.966
Other liabilities	13	7.121.091	5.943.167	3.932.108
Total current liabilities		**163.769.946**	**157.688.471**	**104.741.213**
TOTAL LIABILITIES		**169.463.538**	**163.483.090**	**110.361.055**
TOTAL LIABILITIES AND EQUITY		**149.330.683**	**143.560.698**	**92.287.922**

CEO
Gherghel-Diaconeasa Claudia-Adela

CFO
Panaitescu Roxana-Laura

STATEMENT OF COMPREHENSIVE INCOME

	Note	31/03/2020	2019	31/03/2019
Revenue	17	51.696.129	151.040.183	30.719.345
Other incomes	18	3.111	183.063	4.216
Changes in inventories of finished goods and work in progress		2.628.784	-1.374.448	380.728
Own work capitalized		-	2.707.138	1.090.156
Raw material costs and consumables	19	-42.749.441	- 116.345.619	-24.907.592
Merchandise sold		-	-	-
Expenditure on services provided by third parties	20	-3.549.542	-12.862.233	-1.786.649
Personnel expenses	22	-4.784.871	-17.225.263	-3.890.556
Depreciation and amortization and impairment of tangible assets	3,4	-719.581	-2.756.548	-667.153
Net income (expense) from provisions	15	387.688	56.858	298.986
Other expenses	21	-1.631.903	-3.922.001	-1.225.641
Net gain from fair value adjustment on investment property		-	2.381.301	-
Operating result		**1.208.374**	**1.882.431**	**-74.160**
Financial income	23	48	316	184
Financial charges	23	-1.490.886	-4.101.553	-1.116.468
Financial result		**-1.490.838**	**-4.101.236**	**-1.116.284**
Profit (loss) before tax		**-210.464**	**-2.218.806**	**-1.190.444**
Income tax, current and deferred	16	-	-460.912	-
Profit (loss) for the year		**-210.464**	**-2.679.718**	**-1.190.444**
Other comprehensive income				
		-	-	
Increase (decrease) in tangible assets revaluation reserve				-
		-	-	
revaluation reserve, realized				-
Hedge effect net of deferred tax		-	-	-
Total comprehensive income for the Year		**-210.464**	**-2.679.718**	**-1.190.444**
Result per share				
Profit (loss) attributable to ordinary shareholders		-210.464	-2.679.718	-1.190.444
The weighted average number of ordinary shares		1.215.212	1.215.212	100.012.054
Loss per share		**-0.173**	**-2,205**	**-0.012**

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STATEMENT OF CHANGES IN EQUITIES

	Share capital (restated)	Legal reserve	Other reserves	Hedge reserves	Revaluation reserves	Retained earnings (loss) (restated)	**Total equity**
Balances 31/12/2017 restated	**31.037.997**	**584.728**	**4.145.814**	**686.557**	**8.912.344**	**-52.737.080**	**-7.369.641**
Result 2018		-	-	-	-	-9.568.960	-9.568.960
IFRS 9 first application effect						-547.264	-547.264
Revaluation buildings and land		-	-	-	478.939	-	478.939
Realized revaluation reserve		-	-	-	-100.312	100.312	
Hedge effect		-	-	-1.066.207	-	-	-1.066.207
Balances 31/12/2018	**31.037.997**	**584.728**	**4.145.814**	**-379.650**	**9.290.970**	**-62.752.992**	**-18.073. 133**
Result 2019		-	-	-	-	-2.679.717	-2.679.717
Share capital reduction	-9.879.684					-9.879.684	-
Adjustment IFRS 29 share capital	-20.781.182	-	-	-	-	20.781.182	-
Realized revaluation reserve		-	-	-	-100.827	100.827	-
Hedge effect		-	-	830.458	-	-	830.458
Balances 31/12/2019	**377.131**	**584.728**	**4.145.814**	**450.808**	**9.190.143**	**-34.671.016**	**-19.922.392**
Result Q1 2020		-	-	-	-	-210.464	-210.464
Balances 31/03/2020	**377.131**	**584.728**	**4.145.814**	**450.808**	**9.190.143**	**-34.881.481**	**-20.132.856**

CEO
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STATEMENT OF CASH FLOWS

	Note	31/03/2020	2019	31/03/2019
Gross profit		**-210.464**	**-2.218.806**	**-1.190.444**
Depreciation, amortization	3	719.581	2.756.548	667.153
Foreign exchange differences		334.672	1.618.169	1.087.853
Interest expense		1.206.356	3.471.558	608.122
Variation of provisions	15	-418.678	-56.858	-298.986
Variation in provisions for receivables and construction contracts		-1.222.661	1.677.611	86.654
Variation in provisions for inventories		-43.334	-1.274	-
Adjustments in provisions for assets				-55.376
Adjustments for estimated unrealized liabilities		-86.316	-199.663	-
Income from fair value adjustment of investment properties and derivatives		-	-2.381.301	-390.620
Variation in working capital				
Receivables and other assets		-4.569.266	-43.988.345	-274.409
Stocks		-216.825	-1.694.093	-3.251.712
Suppliers and other liabilities		5.453.591	33.303.032	1.849.721
Interest paid		-664.209	-1.814.979	-396.723
Cash flows from operating activities		**282.447**	**-9.528.401**	**1.635.836**
Acquisitions of intangible assets	3	-76.018	-299.824	-3.647
Acquisitions tangible and investment assets	3	-412.319	-6.669.037	-1.863.628
Cash flow from investments		**-488.337**	**-6.968.861**	**-1.867.275**
Drawn Intercompany loans	14	-65.150	4.769.298	-
Financial lease payments	24	-111.733	-375.789	-106.261
Variation in bank credit lines	14	400.783	10.590.647	2.293.689
Cash flows Financial		**223.900**	**14.984.156**	**2.187.428**

	31/03/2020	2019	31/03/2019
Net cash flow	**18.010**	**-1.513.106**	**1.955.989**
Cash and cash equivalents at beginning of period	**-1.846.423**	**-333.317**	**-333.317**
Cash and cash equivalents at end of period	**-1.828.412**	**-1.846.423**	**-1.622.672**

CEO
Gherghel-Diaconeasa Claudia-Adela

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1 Basis of preparation

The individual financial statements ("financial statements) of the Company are presented in RON ("Romanian Leu"), using going concern principles.
The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 December 2019, as summarised below. These policies have been consistently applied in preparing the financial statements for the year ended 31 December 2019 and for the comparative information presented in these financial. An overview of standards, amendments and interpretations to International Financial Reporting Standards ("IFRS") issued, but not yet effective, and which have not been early adopted by the Company are presented in note 1.3.
The financial statements have been prepared on a historical cost basis, except buildings and land which are evaluated using market revaluation model, and investment property held at fair value.
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.4.

1.1 Statement of Compliance

Financial statements are prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for Approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to trading companies whose securities are admitted to trading in a market which is regulated, as amended subsequently. International Financial Reporting Standards represent standards adopted under the procedure laid down by Regulation (EC) No. 1606/2012 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards.

1.2 Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will continue trading in the foreseeable future.

For the year ended 31 December 2019, the Company incurred a loss of RON 2.679.218 (RON 9.568.960 for the year ended 31 December 2018), and as of that date its current liabilities exceed its current assets by RON 58.805.958 (RON 51.429.380 at 31 December 2018) and the Company has accumulated losses of RON 34.671.016 (RON 62.752.992 at 31 December 2018). Also, as at 31 December 2019 the net assets of the Company, determined as the difference between total assets and total liabilities are negative (RON 19.922.392) and therefore amount to less than half of its share capital.
On Q1 the Company incurred a loss of RON 210.464 RON and as of that date its current liabilities exceed its current assets by RON 58.883.875, also the net assets of the Company are negative (RON 20.132.855)

In such circumstances, in accordance with the Companies' Law 31/1990 and related amendments, a shareholders' meeting should be organized to decide on the measures to be implemented as required by the legislation in force.

a) Losses and negative equity

The reasons of losses have to do with market price deterioration and the company entry into new markets. Operationally, the Company is in a continuous process of integration within the SGB group, aligning procedures and standards. Retrasib SA has been included in Group Frame contracts benefiting from savings applied at Group level

As a measure of correcting the negative equity of 2019, it was decided in 2020 to perform a capital increase of EUR 5 million (26 million RON) of which 24.11 million RON by converting an existing Group loan into share capital.

b) Short term liabilities

The significant level of short term liabilities of RON 163.4 million, in excess of the current assets of RON 104.88 million at 31 March 2020, where the ability of the company to fulfil repayments under 1 year may represent a challenge, are handled as follows:

- The bank liabilities, i.e. the RON 41.68 million credit line, is in process of being extended in 2020.
- Besides credit line, withdrawals from Global Ceiling are correlated with company's receivables on a „borrowing base" system.
- From the Group loan of RON 29.78 million, an amount of 24.11 million is in process of being converted in share capital in 2020.

Based on these factors, management believes that the Company will be able to continue in the foreseeable future and therefore the application of the going concern assumption in the preparation of these financial statements.

c) Impact of the CO-VID pandemic on the company

In the context of the pandemic declaration and the restrictions imposed by the competent authorities of the State for the management of the situation generated by COVID-19 The Company analyzed the impact on its own activity.

Thus, the aspects of health insurance and employee protection were taken into account, the business flows were analyzed from an operational point of view (suppliers, production, human resources, final customer, required working capital).

The Company's management calmly regards the situation and has implemented, since the end of February, strong measures to protect and prevent the spread of COVID-19 in

accordance with the information and recommendations submitted by the competent authorities.
The main additional risks identified at the moment concern the continuity of supply of raw materials (the main copper suppliers for the active parts are located in Italy and are currently experiencing difficulties in timely supply both because of the difficulty of logistics between countries and the measures taken by all transiting states), the transport of transformers produced to the various electrical stations located in Romania or outside the territory of our country, in the temporary closure of state border crossing points.
Both the representatives of RETRASIB S.A. and the Group of which we are a member are in constant contact with its main suppliers, and are constantly receiving the same message that their production is working and there is no cause for concern. As an additional insurance both Group and Company RETRASIB SA, has issued orders to alternative suppliers of raw materials so as not to risk supply disruptions.
We are also in constant contact with our customers in Romania and outside Romania and we have no signs that in the very short and medium term the demand for products manufactured by RETRASIB SA would be significantly affected.

Among the measures taken at the level of RETRASIB SA, we list:

1) Identification of employees who, due to the specific nature of their activity and related facilities, may carry out their specific activities provided for in the job descriptions at the home office, drawing up the necessary documents. For those employees who are unable to carry out their work from home but fulfil the conditions laid down in Law No 1 of the European Parliament and of the Council, the Commission shall, in accordance with the procedure laid down in Article 18 of Regulation (EEC) No 2081/92, take the 19/2020, on the granting of paid days off for the supervision of children during the temporary suspension of courses in pre-university education, the Company respects the legal rights of applicants.

2) Training of all staff regarding to mandatory hygiene, protection and prevention measures at work. At the same time, information on protection and prevention procedures was displayed at the head office of RETRASIB SA and disinfection and enhanced protection material was made available to employees. Disinfection of exposed surfaces in workspaces is carried out rigorously, periodically.

3) Procedures have been imposed to avoid staffing by limiting the use of common spaces.

4) Use of online, teleconference, or telephone systems for the interaction of Company staff with third parties (collaborators, suppliers, customers, etc.)

5) Prioritization of production capacities and training of production personnel according to the operating plan under the given conditions. At the same time, measures are implemented to ensure optimal management of purchases of raw materials, ancillary materials and stock management. The immediate way, approached by us, was to place orders in other non-European countries, or outside the continent, while still looking for solutions so as not to endanger deliveries to our customers.

Currently, RETRASIB S.A. operates within normal parameters. The priorities during this period are the fulfilment of the budget even under the given conditions. For this, we, as a Company, see as paramount cooperation with the authorities and the application of all necessary measures for employee safety and business continuity.

The Business Continuity Action Plan also takes into account high-risk scenarios, promotes and assumes a prudent and responsible attitude.

On the basis of this analysis and the measures taken and the measures to be taken next, management considers that the Company will have the capacity to continue its work in the foreseeable future with any support from the group if necessary and that application of the principle of business continuity in financial reporting is appropriate.

1.3 New and amended Standards adopted by the Company

The accounting policies adopted for the preparation of the financial statements are in line with those applied for the preparation of the annual financial statements of the Company for the year ended 31 December 2019, except new standards with effect from 1 January 2020. The Company has previously adopted any other standard, interpretation or amendment that has been issued but is not yet in force.

1.4 Use of estimates and judgement

Use of estimates
The preparation of the financial statements requires the performance of estimates and judgments by the management, which affects the reported amounts of assets and liabilities and the presentation of potential assets and liabilities at the balance sheet date, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may be different from these estimates.

Judgements
In the process of applying the Company accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- The company has business judgments upon the company's ability to continue as going concern, based on budget projections, optimizations implemented and other criteria described in the Going Concern note.
- Further judgments linked to the company's future performance refer to:
  - the judgment that the negative results obtained in the last two years are not related to equipment performance or building performance, and that the indication of impairment given by the past negative results does not lead to need for impairment allowances on

equipment and buildings, based on the assumption that the forecasted EBITDA in the next years, will be sufficient as to sustain the value of equipment and buildings

• the assumptions made by the management in relation with the past events and their potential future risks as described in the Contingent liabilities note

• the company has business judgments upon the adequacy of performance that will enable collection of performance guarantees.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

• Valuation of receivables: for the overdue receivables where the management believes there are indications of recoverability doubts, allowances are booked based on the assessed risk of no recoverability

• Valuation of land and buildings: the company uses external valuators reports for recurrent market valuations on land and buildings as described in the policies on Tangible assets and Revaluation Reserves

• Valuation of Investment Property: the company uses external valuators reports for recurrent fair value valuations on Investment Property based on capitalized rent as described in the policies on Investment Property.

• The Company recorded accrued liabilities for estimated costs on untaken holiday, bonuses planned and overtime performed (including social contributions) as well as pension provision for estimated present value of contractual pension payments.

• It also records provisions for risks and costs anticipated for penalties for delay in delivery and/or other penalty types.

• The provision of warranty is determined based on sales of the last 4 years and a percentage determined based on the Group experience. The standard warranty is 24 months but there are contracts with warranty terms of 5 years, thus management determined a period of 4 years to be adequate for the warranty provision.

• The most significant allowances are the estimated losses on contracts in progress which are to be considered in correlation with the volume of work in progress.

The level of provisions for imminent loss on contracts is being evaluated particularly for each and every ongoing contract during the procedure of each month-end-closing while analyzing base budget the occurred/forecasted events which have/might generate(d) not foreseen costs. Provisions are booked based on the foreseeable margin at project closing.

•Estimates of percentage of completion of contracts based on the costs incurred are used to calculate the income.

1.5 Functional currency, presentation currency, transactions in foreign currency

Management considers that functional currency, as it is defined by the IAS 21 " Effects of the variation of exchange rate " , is the Romanian Leu (RON).
Presentation currency is the Romanian leu RON, rounded to the nearest Leu, unless otherwise specifically stated.

For the preparation of the Company's financial statements, transactions in other currencies (foreign currencies) than the functional one are registered at the exchange rate in force at the date of transaction. Each month, and at each balance sheet date, monetary items denominated in foreign currency are translated at the exchange rate in force at those dates.

Monetary assets and liabilities expressed in foreign currency at the end of the year are translated into RON at the exchange rate valid at the end of the year.

The RON exchange rate for 1 unit of the foreign currency:

	31 March 2020	31 December 2019
EUR 1	4.8254	4.7793
USD 1	4.3983	4.2608

Non-monetary items which are measured at historic cost in a foreign currency are not translated back.
Exchange rate differences are recognized in the profit and loss statement in the period in which they arise.

2 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Tangible assets

Tangible assets, less land and buildings, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Accumulated depreciation as of the

revaluation date is eliminated from the gross carrying amount of the asset and the net amount is restated at the revaluated value of the asset. Revaluations are only booked based on external valuers' report.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the profit or loss of the period, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Any revaluation reserve relating to the asset being sold is transferred to retained earnings in line with its depreciation, and entirely upon disposal.

A tangible asset item and any significant part recognized initially are derecognized upon disposal or when no economic benefits are expected from their use or disposal. Any gain or earning resulting from the derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognized.

Depreciation is registered so as to decrease the cost of the asset to its residual value other than the land, along their estimated useful life, using the straight line basis. The estimated useful lives, the residual values and the depreciation method are reviewed at the end of each year, having as effect changes in future accounting estimates.

Maintenance and repairs of tangible assets are included as expenses when they occur and significant improvements to tangible assets which increase their value or useful life or which significantly increase their capacity to generate economic benefits, are capitalized.

The following useful lives are used for the computation of depreciation:

Buildigs	10 - 54
Plant and machinery	3 - 40
Measurement and control devices	3 - 16
Vehicles	3 – 19
Other systems, equipment and furniture	3 - 10

Land is not depreciated.
Depreciation is recognized in the income statement.

b) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including

the corresponding tax effect. Fair values are determined based on evaluations performed by accredited external independent valuator.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.
The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

c) Intangible assets

Intangible assets purchased separately are reported at cost minus accumulated amortization losses. Amortization is computed through the straight-line basis over the useful life. The estimated useful lives, the residual values and the amortization method are reviewed at the end of each year, having as effect changes in future accounting estimates.

The following useful lives are used for the computation of amortization:
Licenses 2 – 10 years

d) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If there is such an indication, the recoverable amount of the asset is estimated to determine the size of the impairment loss. When it is impossible to assess the recoverable amount of an individual asset, the Company assesses the recoverable amount of the cash generating unit which the asset belongs to. Where a consistent distribution basis can be identified, the company's assets are also allocated to other separate cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.
Intangible assets having indefinite useful lives and intangible assets which are not yet available to be used are tested for impairment annually and whenever there is an indication that it is possible for the asset to be impaired.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When measuring the value in use, the future estimated cash flows are settled at the current value using a discount rate prior to taxation which reflects current market assessments of the temporary value of money and the specific risks of the asset, for which future cash flows have not been adjusted.
If the recoverable value of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount of the asset (of the cash generating unit) is reduced to the recoverable value. An impairment loss is recognized immediately in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (of the cash generating unit) is increased to the reviewed estimation of its recoverable value, but so as the

reviewed carrying amount does not exceed the carrying amount which would have been determined had any impairment loss not been recognized for the respective asset (cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

e) Inventories

Inventories are valued at minimum between cost and net realizable value.
The cost of inventories is based on weighted average price method and includes expenses incurred for the purchase of inventories, production and processing costs and other costs incurred in bringing the inventories to the form and present location.
Costs, including a portion related to fixed and variable indirect costs are allocated to inventories held through the method most appropriate for the respective class of inventories, the majority being assessed based on the weighted average cost.
Finished products, semi-finished goods and production in progress are measured at actual cost.

Allowance adjustments for inventories

Allowances are booked for raw materials and consumables where there is indication of economic value being depreciated due to their age and slow movement. The Company uses its judgement, based on raw materials prices in the market, manufacturing planning, movement days and quality of the inventories in order to estimate the level of the allowance required. In this process, usually, the Company consider the following factors: development of the raw material prices in the market and sales planning, months in inventory and quality of the inventories
To finished goods inventory allowances are not likely because the company does not produce stock, all finished products are customized based customer requirements with firm delivery terms specified.
Production in progress booked at cost is analyzed by contracts performance, under the methodology of onerous contracts, and for those contracts where losses are anticipated, allowances are booked in conjunction with Construction Contracts receivables adjustments. (see note 2.r, Revenue).

f) Financial assets and liabilities

A financial instrument is any contract that generates a financial asset for a company and a financial liability or equity instrument for another company.

i)Financial assets

Initial recognition and evaluation

Financial assets are classified at initial recognition, as valued at amortised cost, fair value through other global income (SRG) and fair value through profit and loss account. The classification of financial assets to initial recognition depends on the characteristics of the

contractual cash flow of the financial asset and the Company's business model for their management. With the exception of commercial claims which do not contain a significant financing component or for which the Company has applied the practical opportunity, the Company initially evaluates a financial asset at its fair value plus, in the case of an asset which is not measured at fair value through profit or loss, transaction costs. Trade receivables which do not contain a significant financing component or for which the Company has applied the practical opportunity shall be valued at the transaction price determined according to IFRS 15.
In order for a financial asset to be classified and evaluated on the basis of the amortised cost or fair value through the SRG, it must generate cash flows which are ' exclusively payments of the principal amount and interest (EPPD) of the remaining principal amount. This assessment is called the EPPD test and is performed at the instrument level.

The Company's business model for financial asset management refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the sale of financial assets or both.

The financial assets of the Company are represented by receivables (trade receivables, contractual assets, other receivables, cash and cash equivalents and restricted cash), and derivatives (interest rate CAP).

Purchases or sales of financial assets requiring the delivery of assets within a time limit set by regulation or convention at market level (standard transactions) shall be recognised at the trading date, i.e. the date on which the Company undertakes to acquire or sell the asset.

Subsequent evaluation

For the purposes of the subsequent evaluation, financial assets are classified into four categories:

- Financial assets at amortised cost (debt securities)
- Financial assets at fair value through SRG with recycling of accumulated gains and losses (debt securities)
- Financial assets designated at fair value through SRG without recycling accumulated gains and losses at the time of derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt securities)

The Company evaluates financial assets at amortised cost if the following two conditions are met:
- Financial assets are held in a business model with the objective of holding financial assets to collect contractual cash

And

• The contractual terms of the financial asset give rise, on specified dates, to cash flows which are exclusively payments of principal amounts and interest from the principal amount remaining

Financial assets at amortised cost are subsequently evaluated using the effective interest method (RED) and are subject to depreciation. Gains and losses shall be recognised in the profit or loss account when the asset is derecognised, altered or impaired.

The financial assets of the Company at amortised cost include trade receivables and other receivables, contractual assets, restricted cash and banks balances (short-term deposits and current accounts).

For more information on receivables and contractual assets, see Note 7. Receivables due in less than 12 months are not updated.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the financial assets held for trading, the financial assets designated at the time of initial recognition at fair value through the profit and loss account or the assets financial instruments that need to be legally evaluated at fair value.
Financial assets are classified as held for trading if purchased for sale or redemption in the short term. Derivatives instruments, including separately incorporated derivatives, are also classified as held for trading, unless they are designated as effective coating instruments. Financial assets with cash flows that are not only payments of the principal amount and interest are classified and valued at fair value through the profit or loss account, indifferent of the business model. Without prejudice to the classification criteria of debt securities at amortised cost or fair value through SRG as described above, debt securities may be designated at fair value through the profit and loss account at the time of initial recognition, if this eliminates or significantly reduces an accounting discrepancy.

Financial assets at fair value through the profit and loss account shall be recorded in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss account.

The Company's financial assets at fair value through the profit and loss account include derivatives (interest rate CAP, which have not been designated by the Company in an official coverage accounting relationship).

Derecognition

A financial asset (or, where appropriate, part of a financial asset is derecognize when:
The rights to receive cash flows from assets expire
The Company has transferred its rights to receive cash flows from that asset or has assumed the obligation to pay the cash flows wholly received without substantial delay to a third party, under a transfer agreement and either

(a) the Company substantially transferred all risks and benefits related to the asset, either
(b) the Company has neither transferred nor substantially retained all the risks and benefits of the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive cash flows from an asset or has concluded a transfer agreement, it must assess whether it has relinquished control of the asset or not. Where it has neither transferred nor substantially retained all the risks and benefits of the asset, nor has it transferred its control, the asset shall be recognised in so far as its continuous involvement in that asset. In this case, the Company also recognises an associated debt. The transferred asset and the associated debt are evaluated on a basis reflecting the rights and obligations that the Company has retained.

The continuing involvement that takes the form of a security of the transferred asset is measured at the smallest value of the value that the asset initially wore and the maximum amount of payment that the Company might require to repay.

ii) Depreciation of financial assets

Information on the depreciation of financial assets shall be summarised in the following notes:

Risk management of financial instruments	Note 29
Trade receivables and contractual assets	Note 7

The Company recognises a provision for expected credit losses (PCP) for debt securities that are not held at fair value through the profit and loss account. The PCP is based on the difference between contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, updated with an approximation of the actual initial interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements which are an integral part of the contractual clauses.

Trades receivables and contractual assets

For trade receivables and contractual assets, the Company applies a simplified approach to the calculation of the PCP. Therefore, the Company does not pursue changes in credit risk, but instead recognises a provision for loss based on the PCP throughout its lifetime at each reporting date.

The depreciation model, according to IFRS 9, provides that adjustments are recognised according to expected credit losses and not according to the model of actual losses in receivables provided by IAS 39. The application of the model for expected credit losses implies early registration of losses and leads to increased depreciation adjustment for these elements. Depreciation losses shall be calculated on the basis of the probability of non-payment adjusted according to the nature and seniority of the balance receivable. The probability of non-payment, being a complex indicator, is preferred to obtain it from external sources, specializing in such calculations.

Depending on the nature of the receivable, this indicator is adjusted in the following way: 0.2 for construction contracts in the production process; 1 for invoiced and non-payment receivable or with a maturity exceeding 30 days; 1.1 for receivables with deferred maturity between 31 and 60 days; 1.25 for debts with a deferred maturity of between 61 and 90 days; 1.5 for receivables with deferred maturity between 91 and 120 days.

iii) Financial liabilities

Initial recognition and evaluation

Financial liabilities shall be classified, at initial recognition, as financial liabilities subsequently valued at amortised cost, excluding financial liabilities at fair value by profit or loss account, of financial liabilities occurring when a transfer of a financial asset does not qualify for derecognition or when the approach to continuous involvement, financial collateral agreements or contingent consideration recognised by the Company as a purchaser in a combination of undertakings for which IFRS 3 applies.

All financial liabilities are initially recognised at fair value and, in the case of financial liabilities which are not recorded at fair value through profit or loss, after deduction of transaction costs attributable directly, to the transaction date to which the Company becomes a part to the contractual provisions of the instrument.

The Company's financial liabilities valued at amortised cost include financial liabilities valued at amortised cost (commercial liabilities and other liabilities, contractual liabilities and loans), and financial liabilities valued at the value of profit and loss include financial derivatives(interest rate swaps).

Subsequent evaluation

Interest-bearing loans as well as trade liabilities and other liabilities are subsequently evaluated at amortised cost using the actual interest rate method. Gains and losses are recognised at profit or loss when debts are derecognised, as well as through the depreciation process using the actual interest rate method (RED).

The amortised cost is determined taking into account any discount or purchase premium and the tariffs or costs that are part of the RED. RED Depreciation is included in the financial costs of profit or loss.

For more information about interest-bearing loans, see Note 14. For more information about trade liabilities and other liabilities, see Note 12. Trade liabilities and other short-term liabilities are not updated.

Derivatives which are not designated as hedge instruments if the instrument is expected to be effective are subsequently evaluated at fair value through the profit and loss account. The Company has not designated interest rate swaps in an official cover relationship.

Derecognition

A financial liability is derecognised when and only when the Company's obligations are paid, cancelled or expired. Where an existing financial liability is replaced by another from the same creditor with substantially different conditions or if the terms of an existing obligation change substantially, such exchange or modification will be treated as a recognition of the initial liability and the recognition of a new liability. The difference between the carrying amount of the derecognised financial debt and the paid and payable consideration shall be recognised in profit or loss.

iv) Compensation of financial instruments

Financial assets and liabilities are presented net in the statement of financial position if there is a legal right to allow net settlement and whether there is intent to do so, and to achieve assets and to settle debts at the same time

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. For the purpose of cash flow only, the overdrafts are deducted from cash and cash equivalents.

h) Trade and Other Receivables

Receivables are recognized at invoiced value less allowances calculated according the policies set in the Estimates paragraph above.
Receivables in foreign currency are revalued at the balance sheet date through the profit and loss.
Client retentions from receivables, based on performance warranty, are presented as long term receivables, not discounted. Also, the guarantee cash deposits are presented as long term receivables.

i) Borrowings

Loans are recognized at the values actually used from the loan facilities, according the policies described on f).
Loans in foreign currency are revalued at the balance sheet date through the profit and loss.

j) Trade payables

Trade and other Payables are recognized based on the accrual principle. These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair

value. Payables in foreign currency are revalued at the balance sheet date through the profit and loss.

k) Impairment of financial assets

Financial assets are measured for impairment at each reporting date as described in note 1.3 or point f), in accordance with IFRS 9 Financial Instruments.

l) Derecognition of assets and liabilities

The Company derecognizes financial assets only when the contractual rights over the cash flows related to the assets expire or it transfers to another entity the financial asset and, substantially, all risks and benefits related to the asset.

The Company derecognizes financial liabilities only if the Company's liabilities have been paid, canceled or they have expired.

m) Fair value measurement

An entity measures financial instruments and non-financial assets, such as investment property, land and buildings, at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land, buildings, and investment property.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

n) Lease

No longer distinguish between financial leasing and operational leasing. All leases are recognized in the statement of financial position and treated the same. Thus, the lessee recognizes a right to use an asset, but also a related debt. Right of use the asset and the liability shall be valued at the discounted value (VA) of the payments generated by the contract.
After initial recognition, the right to use the asset shall be depreciated for the duration of the contract and the amounts paid shall be broken down into repayment of the debt and financial expense.
The expense of the leases, consisting of the depreciation of the right of use and the financial cost, will vary from one reporting period to another, depending on the duration of the contract, the way in which the right of use asset is depreciated, payment terms and implied interest rate or marginal interest rate.

o) Legal reserves

Legal reserves are contained within 5% of gross profit from year end until the total legal reserves reach 20% of the nominal capital paid in accordance with the law. These reserves are deductible for income tax and are not shared until the liquidation of the Company.

p) Employee benefits

Short-term benefits
Short-term employee benefits are represented mainly salaries. Obligations Short-term employee benefits are accrued for and are recognized as expenses when services are rendered

Contribution plans

The company makes payments on behalf of their employees, to the Romanian State pension system, the health insurance and unemployment fund, over the lifetime of employment.
All employees of the Company are members and also have a legal obligation to contribute, through social contributions to the pension system of the Romanian state. All relevant contributions are recognized in profit or loss when incurred, the Company has no further obligations. Society is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any post-retirement benefits, besides the provisions set forth in the Collective Working Contract in force and has no obligation to provide further services to former employees.
The long-term benefits of employees
The company's net obligation in terms of long-term benefits related services is the amount of future benefit that employees have earned in return for services rendered by them in the current and prior periods.
Company must award bonuses to employees at maturity of a specific number of uninterrupted years in the company and at retirement, all depending on uninterrupted seniority in the company, according to the collective labor agreement. These are recognized as long term provisions.

q) Provisions

A provision is recognized if, as a result of a past or a foreseeable event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits not considered will be required to settle the obligation.
The amount recognized as a provision is the best estimate of the amount necessary to settle the current obligation as of the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using the estimated cash flows necessary for settling the present obligation, the carrying amount is the present value of the respective cash flows.
Particulars on provisions policy are presented in the note 1.4 Use of estimates and judgement.

r) Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of normal activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.
Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own.
Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from income.
Revenue refers goods sold and the services provided under contracts.

Revenue from contracts with customers shall be recognized when the control of the goods or services is transferred to the customer for an amount to which the Company expects to be entitled in exchange for the goods or services. The Company concluded that it is the principal

in all its income arrangements, as it controls the goods or services before transferring it to the customer.

Information on significant reasoning, estimates and accounting assumptions related to revenue from contracts with customers are presented in Note 28.
The following specific recognition criteria must also be met before income recognition:

Service sales - Construction contract

The company is producing mostly transformers with several months cycle of production.
Services are generally provided in the form of fixed-price contracts, with terms of contract which generally varies from less than one year to two or three years.

These contracts, usually, include the design, delivery of customized components and equipment and their installation. The Company does not consider the various elements of these arrangements as separate implementing obligations. When determining the transaction price, the Company shall consider the effects of a variable counter-service, the existence of significant financing components, non-pecuniary counter-service and counter-service payable to the client (if applicable).

For fixed-price contracts, the Company recognises revenue by evaluated the completion of the project when the Company usually fulfils its implementing obligations.
The Company transfers control of a good or service over time and therefore fulfils an obligation to execute and recognises revenue over time, as the execution of the Company creates or improves an asset that the customer controls, as the asset is created or improved. This is determined, using a method of introduction, depending on the contractual costs encountered until the end of the reporting period, in the form of a percentage of the total estimated cost for each contract. The costs incurred during the year in connection with the future activity under a contract shall be excluded from the contractual costs when determining the stage of completion. The costs incurred during the year in relation to future activity are presented in the form of stocks, advance payments or other assets, depending on their nature. Every individual project involves specific variable costs generated by the purchases of products or services, as well as costs generated by the teams directly involved in the implementation of the project.

Where the outcome of a fixed-price service contract cannot be reliably estimated, the contract revenue shall be recognized only in line with the costs of the contract which is likely to be recoverable.
Where the result of a fixed-price service contract can be reliably estimated and the contract is likely to be profitable, the expected profit shall be recorded during the duration of the contract. Where the total contract costs are likely to exceed the total revenue of the contract, the estimated loss shall be recorded as an expense in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.
The Company shall present as contractual assets gross amounts owed by customers, relating to fixed-price contracts which are under way, for which the costs incurred and the profits recognized (minus the recognized losses) exceed the total amount value invoiced in that

contract. If the invoices issued exceed the costs incurred plus the recognized profits (less recognized losses), the gross amounts owed to the customers are presented as liabilities relating to contracts.

Intermediate invoices that have not yet been paid by customers (including guarantees that are retained by customers) are included in "trade receivables and other claims".

(i) Variable counter-service

Where the counter-service under a contract includes a variable amount, the Company shall estimate the amount of counter-service to which it will be entitled in exchange for the transfer of goods to the customer. The variable counter-service is estimated at the beginning of the contract and is limited until it is highly probable that a significant reversal of revenues in the aggregate value of recognised revenue will not occur when the uncertainty associated The variable counter-service is subsequently resolved. Variations in payments for contract-based work, receivables and incentives are included in the contract revenue, insofar as they have been agreed with the customer.

(ii) Significant financing component
Usually, the Company receives short-term advance payments from its customers. Using the practical opportunity provided in IFRS 15, the Company does not adjust the promised value of counter-service for the effects of a significant financing component if it is estimated, at the beginning of the contract, that the period between the transfer of the goods or service promised to the customer and when the customer pays that good or service will be one year or less.
Payment terms for services sales in construction contracts are generally between 30 and 90 days after fulfilment of the execution obligation. Advance payments from customers, representing between 5% and 30% of the amount of each invoice issued to customers, shall be settled within one year between the transfer of the promised goods or service to the customer and the date on which the customer pays that good or service.

Revenues from rent is recognized based on contractual rental fees invoiced monthly.

Interest income is recognized periodically, proportionally, the respective revenue is generated on an accrual basis.

In these financial statements, income and expenses are presented on a gross basis. In the balance sheet, liabilities and claims the same partners are presented on a net basis when there is a right to compensation.

Revenues are measured at fair value sums received or receivable net of VAT. Revenues are reduced by returns, trade discounts and other similar costs.

s) Balances contracts

Contractual assets

A contractual asset is the right to counter-service in exchange for the goods or services transferred to the customer. If the Company executes the transfer of goods or services to a customer before the customer pays a counter-service or before the maturity of the payment, an asset shall be recognized for the counter-service acquired which is conditional.

Commercial receivables

A receivable is the right of the Company to an amount of unconditional counter-service (it is only necessary to pass the time for that counter-service to become due). See the accounting policies related to financial assets included in section f) financial Instruments.

Contractual liabilities

A contractual liability is the obligation to transfer goods or services to a customer for which Company has received a counter-service (or a sum of the counter-service is due) from the customer. If a customer pays counter-service before the Company transfers the goods or services to the customer, a contractual liability is recognized when the payment is made or the payment is due (any of these deadlines occurs earlier). Contractual liabilities shall be recognized as income when the Company fulfils its obligations under the contract.

t) Financial income and expenses

Financial income comprises interest income on funds invested and other financial income. Interest income is recognized in profit or loss under accounting them the friendly approach, using the effective interest method.

Financial expenses comprise interest expense for the loans and other financial expenses. All borrowing costs that are not directly attributable to the acquisition, production construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

Gains and losses on exchange differences on loans are reported on a net basis as either finance income or as financial expenditure by currency fluctuations: the net gain or net loss. Gains or losses from foreign exchange attributable to commercial transactions are reported as other operating expense/income on a net basis.

u) Taxation

Income tax expense represents the single sum of current tax and deferred tax.

Current tax
Current tax is based on taxable profit for the year. Taxable profit differs to the profit reported in the income statement because it excludes items of income and expenses that are never taxable or deductible or where the tax deductiblity is deferred. Company's debt on current tax is calculated using tax rates in force or under substantially role in force at the balance sheet date .

Deferred tax
Deferred tax is recognized over the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding fiscal bases used in the computation of taxable income and it is determined by using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized in the extent in which it is likely to have taxable income over which to use those temporary deductible differences. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable income, nor the accounting income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and it is decreased to the extent in which it is not likely for sufficient taxable income to exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rates estimated to be applied during the period when the liability is settled or the asset realized, based on the taxation rates (and tax laws) in force or entering into force substantially until the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Company estimates, as of the balance sheet date, that it will recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority and the Company intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.
Current tax and deferred tax related to the period

Current tax and deferred tax is recognized as revenue or expense in profit and loss, except for the cases which refer to items credited or debited directly in other comprehensive income

v) Earnings per share
The Group presents earnings per share basic and diluted common shares. Basic earnings per share is determined by dividing the profit or loss of the Group artibuibile ordinary shareholders Weighted average number of ordinary shares over the reporting period. Diluted earnings per share is determined by adjusting the profit or loss artibuibile ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

w) Related parties

Parties are considered related if one party has the ability to control directly or indirectly or significantly influence the other, by holding or under contractual rights, family relationship or otherwise, as defined by IAS 24 "Related party affiliate".

x) Subsequent events

The financial statements reflect subsequent events year-end events that provide additional information about the Group's position at the reporting date or those that indicate a possible violation of a going concern (events that cause adjustments). Events after the end of the year does not constitute events that determine adjustments are disclosed when they are considered significant.

y) Comparatives

Statement of financial position for Q1 2020 shows the comparability with the statement of financial position for Q1 2019.
Statement of Comprehensive Income for Q1 2020 shows the comparability with the statement of comprehensive income at Q1 2019.

z) Changes of accounting policies and changes in presentation

Except the changes affecting the current period, the accounting policies adopted are consistent with the previous financial year.

aa) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items
The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 29. Movements in the hedging reserve in shareholders' equity are shown in the statement in changes of equity. The full fair value of a hedging derivative is classified as a a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in

reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

3 Tangible assets

	Land	Buildings	Equipment and vehicles	Furniture and other	Fixed assets in progress	Total
	RON	RON	RON	RON	RON	RON
At 1 January 2018						
Cost	3.037.500	11.609.581	21.296.865	267.575	-	36.211.521
Accumulated depreciation	-	-	-10.462.900	-156.520	-	-10.619.420
Net book value	**3.037.500**	**11.609.581**	**10.833.965**	**111.055**	**-**	**25.592.101**
Increase	-	-	358.916	16.800	1.645.465	2.021.180
Transfers	-	114.199	-	13.424	-127.653	0
Revaluation	-	-	-	-	-	0
Disposals	-	-	9.229	-9.735	-	-18.964
Depreciation charge	-	-488.596	-2.072.504	-39.701	-	-2.600.801
Elimination of accumulated depreciation of revalued assets	-	-	-	-	-	0
Disposals and reductions	-	-	9.229	6.172	-	15.401
At 31 December 2018						
Cost	3.037.500	11.723.780	21.646.552	288.064	1.517.842	38.213.738
Accumulated depreciation	-	-488.596	-12.526.174	-190.050	-	-13.204.820
Net book value	**3.037.500**	**11.235.184**	**9.120.377**	**98.015**	**1.517.842**	**25.008.918**
Adjustment in changing accounting policy			-3.396.369			-3.396.369
Restarted cost	3.037.500	11.723.780	17.442.495	288.064	1.517.842	34.009.681
Accumulated amortization restarted	-	-488.596	-11.718.487	-190.050	-	-12.397.133
Retrated net book value	**3.037.500**	**11.235.184**	**5.724.008**	**98.015**	**1.517.842**	**21.612.549**

	Terenuri	Clădiri	Utilaje, echipamente și vehicule	Instalații și obiecte de mobilier	Imob. corporale în curs	Total
	RON	RON	RON	RON	RON	RON
At 01 January 2019						
Cost	3.037.500	11.723.780	17.442.495	288.064	1.517.842	34.009.681
Accumulated depreciation	-	-488.596	-11.718.487	-190.050	-	-12.397.133
Net book value	**3.037.500**	**11.235.184**	**5.724.008**	**98.015**	**1.517.842**	**21.612.548**
Increase	-	-	1.282.497	3.353	5.338.184	6.624.034
Transfers	-	293.520	4.340.655	-	-4.634.175	0
Revaluation	-	-	-	-	-	0
Disposals	-	-	-79.454	-8.876	-	-88.330
Depreciation charge	-	-486.651	-1.649.139	-40.611	-	-2.176.401
Disposals and reductions	-	-	69.731	8.876	-	78.607
At 31 December 2019						
Cost	3.037.500	12.017.300	22.986.194	282.541	2.221.851	40.545.386
Accumulated depreciation	-	-975.247	-13.297.895	-221.785	-	-14.494.927
Net book value	**3.037.500**	**11.042.053**	**9.688.299**	**60.756**	**2.221.851**	**26.050.459**
Increase	-	-	406.646	-	45.024	451.670
Transfers	-	-	-	-	39.351	-39.351
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation charge	-	-123.287	-441.993	-7.602	-	-572.888
Disposals and reductions	-	-	-	-	-	-
At 31 March 2020						
Cost	3.037.500	12.017.300	23.392.840	282.541	2.227.524	40.957.704
Accumulated depreciation	-	-1.098.535	-13.739.888	-229.385	-	-15.067.807
Net book value	**3.037.500**	**10.918.765**	**9.652.952**	**53.156**	**2.227.524**	**25.889.897**

As at 31 December 2019, in accordance with the accounting policy, the company contacted an external evaluator, member of the Association of Evaluators in Romania for the revaluation of land and buildings, which concluded, following the real estate market analysis at the city of Sibiu, that the evolution of the fair value of the real estate was decreasing in the year 2019, similar depreciation costs incurred during this period, so no assessment report is warranted.

In 2018 leasing equipment was recognized as tangible assets. Due to the application of IAS 16 from 1 January 2019, they have been reclassified on rights of use asset, thus decreasing the value of assets by RON 3.396.369.

All tangible assets are pledged for the loans disclosed in the note 14 Loan.

4 Intangible assets

	Intangible assets	Other intangible assets	Intangible assets in progress	Total
At 1 January 2019	**17.207**	**826.365**	**-**	**843.572**
Additions		10.379	289.445	299.824
Depreciation charge	-11.498	-138.134	-	-149.632
At 31 December 2019				
Cost	456.638	1.205.941	289.445	1.952.024
Accumulated depreciation	-450.929	-507.331	-	-958.260
Net book value 31 December 2019	**5.709**	**698.610**	**289.445**	**993.764**
Additions		3.130	72.888	76.018
Depreciation charge	-659	-34.307	-	-34.966
At 31 March 2020				
Cost	456.638	1.209.071	362.333	2.028.043
Accumulated depreciation	-451.588	-541.638	-	-993.226
Net book value 31 March 2020	**5.050**	**667.433**	**362.333**	**1.034.816**

Included in the intangible assets as of 31 December 2019 is an amount of 1.070.313 RON at cost value (31 December 2017: 1.070.313 RON) that represents the SAP accounting program acquired by the Company during 2016.

5 Investment property

	31/03/2020 RON	31/12/2019 RON
Balance at 1 January	**12 .786.461**	**10.405.161**
Additions	-	-
Revaluation surplus	-	2.381.300
Balance at 31 December	**12 .786.461**	**12 .786.461**

The Company owns one building located in Cluj from which the Company earns rent income. As at 31 December 2019 and 31 December 2018, the fair value of the investment property is based on the valuation report prepared by an independent valuator. The impact of this valuation was charged to the current result as change in the fair value. The valuation method used is compliant with the International Valuation Standards.
The investment property is pledged for the loans disclosed in the note 14 Loan.

6 Inventories

	31/03/2020	31/12/2019
Raw materials	9.269.938	12.272.621
Consumables	315.495	390.733
Work in progress	3.563.549	931.531
Merchandise	78.512	70.116
Downpayment for stocks	1.087.978	346.979
Adjustments for raw materials	-583.423	-540.089
Total	**13.732.050**	**13.471.891**

The main category, work in progress, represents transformers components which are in various manufacturing stages. The company applies IAS11, and measures the turnover and the related receivables and payables based on the long term contracts percentage of completion.
The adjustment for raw materials is related to inventories with slow movement rate or for which there is uncertainty in future use.
The inventories are set as pledge for the bank loans disclosed in the note 14 Loans.

7 Trade receivables and Contractual Assets

	31/03/2020	31/12/2019
Trade receivables Non-group	31.232.773	25.508.266
Trade receivables Group	3.381.450	6.620.534
Allowances of trade receivables	-1.528.179	-808.966
	33.086.044	**31.319.834**
Contractual assets	56.643.727	53.272.369
Allowances of contractual assets	-669.212	-669.212
Prepayments from customers	-	-
Total trade recievables and contractual assets	**89.729.770**	**83.922.991**
Noncurrent receivables		
Deposits for performance warranty	92.485	94.815
Retentions	887.250	887.250
Total current Accounts recievable	**979.735**	**982.065**

As at 31 March 2020 the company is applying IFRS 15 and records receivables based on the „percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. On the balance sheet, the Company reports the gross contract position for each contract as either an asset - Contractual assets or a liability – Contractual payables. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.
Noncurrent receivables represent retentions related to construction contracts and will be cashed by the company according to the contractual terms agreed with the clients.

Management considers that there are no significant risks to these commercial claims be adjusted for depreciation.

The receivables open at 31/03/2020 as well as future receivables are set as pledge to the loans as described in note 14 Loans.

8 Cash, cash equivalents and restricted cash

	31/03/2020	31/12/2019
Cash in bank	33.462	83.834
Restricted cash	-	-
Petty cash	513	1.000
Total cash and cash equivalents	**33.975**	**84.834**

The cash accounts are set as pledge to the loans as described in note 14 loans.

Reconciliation to cash flow statement

	31/03/2020	31/12/2019
Balances as above	33.975	84.834
Bank overdraft	-1.862.388	-1.931.256
Balances per statement of cash flows	**-1.828.412**	**-1.846.423**

9 Other receivables

	31/03/2020	31/12/2019
Other receivables related to personnel	195.076	238.140
VAT under settlement	125.890	141.424
Advances payments to suppliers	7.328	
Income tax recoverable	327.563	327.563
Other receivables	151.667	38.887
Total other receivables	**807.525**	**746.014**

10 Share capital

Shareholders structure at 31/03/2020 and at 31/12/2019 is as follows:

No.	Shareholders	No. of shares	%
1.	SGB -SMIT INTERNATIONAL GMBH	1.138.004	93,6465%
2.	Individual shareholders	76.753	6,31600%
3.	Shareholders of legal entities	455	0,0375%
	TOTAL	**1.215.212**	**100**

	31/03/2020	31/12/2019
Share capital	121.521	121.521
Impact of IAS 29 on share capital	255.610	255.610
Total share capital	**377.131**	**377.131**

In May 2018, following the completion of the takeover bid initiated by SGB-SMIT International GMBH, the shareholding structure of Retrasib SA changed with the acquisition by SGB-SMIT International GMBH of an additional volume of 26.198.199 shares, thus achieving 93,6465% of the Company's capital.

The Company decided to reflect the impact of applying IAS 29 in the financial statements from 31 December 2018. The share capital was valued at historical cost, by applying the provisions of this Standard and consequently amended on the basis of the retained earnings. The effect of hyperinflation on the share capital was estimated at RON 21,036,792, a surcharge on the value of share capital booked in the retained earnings.
In 2019, the Extraordinary General Meeting of the Company's Shareholders, pursuant to the Report of the Board of Directors on the Company's property situation, accompanied by the comments of the internal auditor, which was submitted to the Company's headquarters in accordance with the legal provisions in force, for consultation by any interested shareholder (art. 153 ind. 24 para. 3 of Law No. 31/1990, on companies), approved, by Judgment No. 89/06.09.2019, the operation to reduce the share capital by reducing the number of shares of the Company, pursuant to Article 5 of Regulation (EEC) No 2081/92, Article 207 (2) shall be replaced by the following: Article 1 (1) (b) shall be replaced by the following (a) of Law No 1/2002; 31/1990. The reduction was intended to partially cover the accumulated losses highlighted on 31.12.2018. The capital reduction was made with the amount of 9.879.684,2 lei, respectively from 10.001.205,4 lei to 121.521,2 lei, proportional to the share of each shareholder.

As a result of the application of the abovementioned reduction algorithm and the rounding of its results, in accordance with the legal provisions in force (Article 90(4) of Law No 24/2017 and Article 176 of Regulation No 5/2018), the reduction resulted in the cancellation of 98.796.842 shares with a nominal value of 0,1 lei each.

Following the completion of the process of reduction of social capital, as the second stage, following the Extraordinary General Assembly No. 91/30.12.2019, the Company has decided to increase its equity in order to correct the negative value of the net asset, with the help of its Group, by converting shareholder and/or other receivables. Thus, the legal requirements in force will be met, i.e. the value of the net asset will be greater than half the value of the subscribed share capital (art. 153^24 of Law No. 31/1990, concerning companies). In this respect, the shareholders of the Company decided to increase the share capital with the issue premium as follows:

- Within a maximum total contribution of RON 26.113.153,90, a maximum of RON 3.677.909 new ordinary nominal shares in dematerialized form with a nominal value of RON 0,1 will be issued at an issue price of RON 7,1 per share. The capital increase will be made from 121.521,2 lei to a maximum of 489.312,10 RON in order to correct the net assets of the Company according to the applicable legal provisions. The difference between the issue price of the new shares and their nominal value (in this case 7 RON/share) shall constitute the issue premium in accordance with Article 5 of Regulation (EEC) No 2081/92. 221 in conjunction with Article 221 of the Treaty, Article 210 (2) shall be replaced by the following: 2 of Law No. 31/1990 on companies and will be highlighted separately in the Company's reserves. The shares will be distributed for subscription as follows:
- a maximum of RON 3.444.233 shares at a price of RON 7,1, of which the capital contribution of RON 344.423,30 and the issue premium of RON 24.109.631, will be offered for subscription to the majority shareholder SGB-SMIT International GMBH by converting (total or partial) certain claims into shares, liquids and payable held at ageA date by SGB on the Company in the amount of RON 24.454.064 (equivalent to EUR 5.140.000 at the BNR exchange rate of EUR 1/4,7576 RON, in force on 31.10.2019) according to accounting expert report prepared by an independent expert
- the remaining maximum of 233.676 new shares at an issue price of RON 7,1, of which the capital contribution of RON 23.367,6 and the issue premium of RON 1.635.732, are offered for subscription to the other existing shareholders, on the basis of their preferred right, in exchange of cash contributions.

The process of raising the share capital will continue and be completed in 2020.

11 Reserves and revaluation reserves

Related to the reserves disclosed in the Statement of Changes in Equities, the following notes are relevant:

	31/12/2020	31/12/2019
Revaluation reserves	9.190.143	9.190.143
Reserves	4.145.814	4.145.814
Hedge reserves	450.808	450.808
Legal reserves	584.728	584.728
Total reserves	**14.371.493**	**14.371.493**

Revaluation reserves : comprise the cumulative net changes in fair value of land, buildings. The revaluation reserves are shown net of the related deferred tax (16%).

Other reserves: The Company's reserves are represented by the reinvested profit obtained in prior years. There were no changes in Reserves during 2018 and 2019.

Hedge reserves: the company books in 2018 the effects in equity of the hedge contracts on copper and foreign exchange, disclosed in note 29.

Legal reserves: As required by law, the Company creates legal reserves in the amount of 5% of the profit recorded untp to the level of 20% of the share capital. Legal reserves are not distributable to shareholders.

12 Trade payables

The company's trade payables are as follows:

Trade payables	31/12/2020	31/12/2019
Trade payables Nongroup	42.918.256	52.039.165
Trade payables Group	5.369.025	5.014.658
Contractual payables	4.171.134	2.205.290
Cashed advances from customers	11.641.086	12.689.277
Cashed advances from affiliate parties	19.392.495	8.033.795
Prepayments to suppliers	-12.19	-13.638
Fixed assets suppliers	3.884	3.884
Accrued payables	1.014.193	-190.971
Total trade payables	**84.497.953**	**79.781.460**

Trade payables are unsecured and are usually paid within 90 days of recognition. The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

As at 31 December 2019 the company records receivables based on the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. On the balance sheet, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized

profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.
More details on related parties payables are presented in note 27.

13 Other payables

	31/12/2020	31/12/2019
Social contributions	595.904	620.120
Income tax wages	99.684	106.255
VAT	498.712	177.000
Dividends to be paid	13.924	13.924
Liabilities to employees	1.575.878	1.334.998
Interest payable to Group	4.336.989	3.690.870
Total other payables	**7.121.091**	**5.943.167**

The Company's liabilities to employees includes salaries for March 2020 that will to be paid in April 2020 (415.983 RON), employees overtime performed until 31 March 2020 and which have not been paid (66.078 RON), costs for untaken holiday by March 2020 (456.805 RON), bonuses planned to be paid according to the key performance indicators preestablished 442.840 RON) and other debts related to personnel. These debts are not due.
Interest payable on affiliated parties shall be related to loans as described in note 14.

14 Loans

	31/12/2020	31/12/2019
Short term Intercompany loans	29.497.840	29.497.840
Short term bank loans	41.348.703	41.348.703
Total	**71.462.986**	**70.846.543**

a) Bank loans

The company is financed by Banca Transilvania through short term loan facilities of ceiling type, for current activity (working capital), with the interest rate of ROBOR 6 M+2%, concluded on 6 may 2010. The ceiling can be used as:

- overdraft credit line limited to RON 2 million, of which RON 1.862.388 was used at March 31, 2020;
- term credits, from which the Company used at 31 March 2020 an amount of RON 39.818.229, representing draws from the ceiling;
- issuance of bank guarantee letters, in the amount of RON 7.143.596 RON, held off balance sheet - Note 26 Contingent assets and liabilities - Bank commitments.

At 31 March 2020 the Company has an amount of RON 7.375.787 RON un-drawn from the ceiling, RON 2.810.000 from the ceiling are being held for the currency risk associated with guarantee letters.

The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates at the end of the reporting period are as follows:

	31/12/2020	31/12/2019
6 months or less	41.680.617	41.348.703
12 months or less	29.782.369	29.497.840

The fair value of the borrowings equals their carrying amount. The impact of discounting is not significant, as all borrowings bear variable interest rates.
The due date of utilizing new draws from the credit line is 25 August 2020. As at 31 December 2019, the Company has met all the covenants stipulated in the agreement concluded with Transilvania Bank.
For securing bank loans, the company has set in favour of banks the following guarantees:

- inventories of raw materials and semi-finished products;
- the balances held at banks;
- rights arising from present and future contracts;
- rights arising from insurance policies covering the assets pledged as collateral;
- mortgage on all tangible assets and investment property.

For finance lease liabilities disclosures please refer to note 24.

a) Related party loans

Breakdown of loans obtained from SGB SMIT International GMBH (majority shareholder) into structure and details on tranches, interest rates, maturities and ceilings:

Approved ceiling amount	Currency	Balance used at 31/03/2020 in RON	Interest rate	Date of contract	Date of maturity	Lender
2.440.000	EUR	11.773.976	7%	29/11/2016	Pending share capital conversion	SGB SMIT
500.000	EUR	2.412.700	7%	25/11/2015	Pending share capital conversion	SGB SMIT
2.000.000	EUR	9.650.800	7%	27/01/2016	Pending share capital conversion	SGB SMIT
200.000	EUR	965.080	7%	20/04/2016	Pending share capital conversion	SGB SMIT
800.000	EUR	3.860.320	7%	20/05/2019	indefinite	SGB SMIT
232.000	EUR	1.119.493	7%	20/05/2019	indefinite	SGB SMIT
6.172.000	**EUR**	**29.782.369**	**Total**			

The indefinite related party loan can be terminated in 12 months from receiving a notification from the lender SGB-SMIT. Additionally, interest related balance with SGB-SMIT amounting

to RON 4.336.989 at 31 March 2020 (31 December 2019: 3.690.870 RON), were classified in the Statement of Financial Position as Other payables.
For the related party loans there is 2nd level pledge upon the equipment, vehicles, furniture, inventory, present and future receivables.

15 Provisions

	31.dec.19	Built	Revers	31.mar.20
Short term provisions				
Commercial penalties	661.064	-	-437.688	223.376
Total short-term provisions	**661.064**	**-**	**-437.688**	**223.376**
Long term provisions				
Warranty provision	822.405	-	-	822.405
Pensions and other provision	510.317	33.874	-	476.443
Total long-term provisions	**1.332.722**	**33.874**	**-**	**1.298.848**

Commercial penalties for late delivery are recognized when the Company has a present obligation based on contracts concluded with its customers, as a result of not delivering the transformers at the delivery date mentioned in the contract.

The warranty provision is registered to cover the expenses in the warranty period for transformers sold. The Company generally offers 24 months warranties for its transformer products but there are contracts with warranty terms of 5 years. Management estimates the related provision for future warranty claims based on historical warranty claim information.

As at 31 December 2019 the Company recorded a provision for pension in line with the provisions of the Company's Collective Labor agreement, art 64, which stands that the Company will award a price at the employee's retirement of one gross salary for 5 years seniority in the company, two gross salary for 10 years seniority in the company, three gross salary for 15 years seniority in the company, four gross salary for 20 years seniority in the company and five gross salary for 25 years seniority in the company. The amount is built together with provision for other risks that was built since 2016. Company's assumptions taken into account for pension provision are: discount rate of 5%, inflation rate of 3.5%, the annual resignation rate of employees in the Company of 20.59% and the standard retirement age.

The income statement effect with provisions are presented as follows:

Provisions effects	**31/03/2020**	**2019**
Net income from provisions	471.562	56.858
Net expense of provisions and allowances	-	-

16 Current and deferred Income tax

A. Amounts recognized in profit and loss	31/03/2020	31/12/2019
Income tax expense	**-**	**-**
Current year	-	-
Deferred tax income (expense	**-460.912**	**-460.912**
Derived from temporary differences	-460.912	-460.912
Total deferred tax income (expense)	**-460.912**	**-460.912**

There is no current tax expense due to the losses incurred in the last two years.
Changes in the componence of deferred tax are presented below:

B. Deferred tax	Balance at 31.dec.18	Recorded in the income statement	Recorded in the equities	Balance at 31.dec.19
Noncurrent assets	-1.409.123	-	-364.876	-1.773.998
Inventories	-	-	-	-
Trade and other receivables	155.693	80.815	-	236.508
Trade and other payables	-	-	-	-
Provisions	783.111	-176.851	-	606.260
Tax loss	-		-	-
Hedging	72.315	-	-158.182	-85.868
Total deferred tax asset (liability)	**-398.004**	**-96.036**	**-523.058**	**-1.017.098**

Considering the financial results for last financial years, the Company decided on 31 December 2018 to adjust the deferred tax on tax losses.
According to the Romanian tax laws, the tax loss may be carried forward for seven years for the tax losses recorded after 1 january 2009 starting with the year when they occurred.

17 Revenue

	31/03/2020	31/03/2019
Sales of finished goods	23.817.093	14.775.238
Revenue from construction contracts	27.077.773	15.335.656
Sale of goods purchased for resale	-	-
Services	278.538	45.642
Rent income	274.237	270.712
Revenue from other activities	248.488	292.097
Total	**51.696.129**	**30.719.345**

A regional breakdown of revenues is as follows:

Country	**31/03/2020**	**31/03/2019**
Related parties (note 27):	**21.127.433**	**16.745.418**
Germany	21.127.433	16.745.418
Netherlands	-	-
Third party customers:	**30.568.696**	**61.767.852**
Romania	22.341.853	8.215.620
Denmark	3.967.919	1.951.882
Greece	3.157.074	-
Norway	782.423	-
Czech Republic	239.189	100.934
UK	77.189	-
Hungary	2.715	303.309
Spain	334	3.319.029
Ireland	-	73.870
Austria	-	9.283
Total revenues	**51.696.129**	**30.719.345**

The main customers in 2019 are: Starkstrom Geratebau Regensburg (related parties), Energobit SA, Romelectro Romania, E-Distribuție Banat, CNTEE Transelectrica, Acciona Industrial, Ute Biomasa Curtis, JYSK ENERGI TEKNIK A/S, E-Distributie Dobrogea and Electromontaj SRL.

18 Other income

	31/03/2020	**31/12/2019**
Other income		
Gains from the revaluation of the fair value of real estate investments	-	-
Other operating revenues	3.111	4.216
Total other income	**3.111**	**4.216**

19 Raw materials and consumables expenses

Raw materials and consumables expenses	**31/03/2020**	**31/12/2019**
Raw materials expens	41.633.758	24.174.867
Consumables expense	449.740	188.062
Electricity, water , gas expense	636.965	520.675
Other expense	28.979	23.988
Total	**42.749.441**	**24.907.592**

The main raw materials used in transformers production are copper, steel, isolation kits, radiators.

20 Services provided by third parties

Services expenses	31/03/2020	31/03/2019
Repairs	54.725	96.877
Rents	117.669	98.395
Insurance	91.460	81.919
Transport	1.045.730	672.604
Communication	36.194	47.621
Design and technical services	769.238	16.281
Customs	419.064	498.316
Other service expenses	1.015.463	364.637
Total	**3.549.542**	**1.876.649**

21 Other expenses/income

	31/03/2020	31/03/2019
Other expenses		
Bank services	162.896	209.501
Travel	162.682	153.447
Protocol and advertising	29.212	19.687
Expense/(income) from foreign exchange	693.656	714.389
Hedging	-12.980	33.082
Taxes	223.219	190.907
Expenses/(income) from charge/(release) allowances for inventories and trade receivables	-510.134	-191.091
Other expenses	883.350	95.687
Total Other expenses	**1.631.903**	**1.225.641**

22 Personnel expenses

	31/03/2020	31/03/2019
Salaries	4.427.940	3.615.591
Staff accruals	55.326	25.869
Social security contributions	121.020	86.286
Meal tickets	180.585	162.810
Total	**4.784.871**	**3.890.556**

The average number of employees of company at March 2020 was 211 employees (in 2019: 192 employees). As at 31 March 2020 the company had 226 employees (at 31.03.2019: 209 employees).
The Company's staff accruals includes increase of performance bonuses (RON 57.591), increase of employees overtime performed in period January-march 2020 (RON 28.725).

23 Financial expenses and income

	31/03/2020	31/03/2019
Interest income	48	184
Finance income	**48**	**184**
Interest expense	1.206.356	608.122
Net foreign exchange losses	284.529	508.346
Finance costs	**1.490.886**	**1.116.468**
Net finance costs	**-1.490.838**	**- 1.116.284**

Net losses from foreign exchange effect reported under Financial expenses and income are only those related to the revaluatin of loans. All other foreign exchange effects from commercial transactions are repositioned under operating expenses, in the position Other expenses and income, netto, see note 21.

24 Lease obligations

The Company has two long term leases with the Group company Starkstrom, for winding machines, started in november 2016 and february 2017. One contract will be completed in 2022 and the other in 2029.
Because the conditions are met for a financial lease following the analysis of the financial lease criteria as per IAS17:

As at **31 December 2018:**

	Below 1 year	between 1-5 years	Over 5 years	Total
Contractual rent payments, EUR	110.264	382.477	403.545	**896.286**
Contractual rent payments, RON	514.260	1.783.836	1.882.091	**4.180.187**
Present value of the lease payments:				
Lease liability, EUR	85.456	313.483	320.372	**719.311**
Lease liability, RON	398.560	1.462.053	1.494.181	**3.354.794**

	31.dec.2018
Value of equipment held in financial lease, RON	**4.106.546**
Accumulated depreciation of the equipment held in financial lease	**751.751**
Carrying value of the equipment held in financial lease, RON	**3.354.794**

The contract does not have a prepayment, a residual value or a final option to purchase the equipment. The duration of 13 years of contract covers the full economic life of the assets.

Amounts recognised in the balance sheet

Right of use assets	**31/12/2019**	**31/12/2018**
Equipment	3.020.580	3.396.369
Total	**3.020.580**	**3.396.369**

Lease liability	**31/12/2019**	**31/12/2018**
Long term	2.535.814	2.956.234
Below 1 year	443.191	398.560
Total	**2.979.005**	**3.354.795**

In the previous year, the group recognised only lease assets and liabilities in relation to lease which was classified as "financial lease" in accordance with IAS 17 Lease. The assets were presented in tangible assets and liabilities in the form of lease liabilities.
In 2019 the company concluded a new lease with a duration of 3 years for office equipment, 6 pieces, totaling 54.726 RON.

Amounts recognised in profit ans loss

Depreciation right of use assets	**31/12/2019**	**31/12/2018**
Equipment	430.515	-
Interest expenses	97.746	-

As at **31 March 2020** were booked the following:

Amounts recognised in the balance sheet

Right of use assets	**31/03/2020**	**31/12/2019**
Equipment	2.908.847	3.020.580
Total	**2.908.847**	**3.020.580**

Lease liability	**31/03/2020**	**31/12/2019**
Long term	2.415.776	2.535.814
Below 1 year	451.496	443.191
Total	**2.867.272**	**2.979.005**

Amounts recognised in profit ans loss

Depreciation right of use assets	**31/03/2020**	**31/12/2019**
Equipment	111.733	430.515
Interest expenses	25.780	97.746

Leases do not provide for advance, residual value or an option for the purchase of equipment at the end of the contract. The duration of the 13 years of the contract covers the entire economic life of the assets.

25 Loss per share

Basic loss per share calculation was performed based on the result attributable to ordinary shareholders and the weighted average number of ordinary shares:

	31/03/2020	**31/12/2019**
Loss attributable to ordinary shareholders	-210.464	-2.679.218
Weighted average number of ordinary shares	1.215.212	1.215.212
Total loss per share	-0.173	-2.2051

Diluted loss per share equals basic earnings per share as the Company has not issued shares in the period.

26 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources representing economic benefits is removed.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is possible and will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity.

Bank commitments

Transilvania Bank has issued letters of guarantee for customers, in favor of the company within the agreed loan ceiling as presented in the note Loans. On 31 March 2020, the Company had issued letters of guarantees in favor of its customers amounting to RON 7.143.596 from Transilvania Bank and RON 23.681.125 from other banks of the Group (31 December 2019: RON 21.310.122), which become Company's obligations in case of non-conformity for services rendered to its customer. As at 31 March 2020 the list of open guarantee letters is as follows:

Type of SGB	Amount	Currency	Beneficiary	Maturity
Performance guarantee	62.050	CHF	Kraftwerke AXPO	30.04.2020
Counter participation auction guarantee	139.730	EUR	EUROBANK GRECIA	05.10.2020
Counter performance guarantee	339.050	EUR	Energobit SA Cluj	12.11.2020
Counter performance guarantee	199.085	EUR	Energobit SA Cluj	15.01.2021
Performance guarantee	77.279	EUR	Mavir Hungary	21.01.2021
Performance guarantee	77.279	EUR	Mavir Hungary	21.01.2021
Performance guarantee	449.200	EUR	BT SA Cluj	27.01.2021
Performance guarantee	187.563	PLN	Innogy Stoen Operator Sp. z.o.o.	29.04.2022
Performance guarantee	181.157	RON	Transelectrica	31.10.2022
Performance guarantee	7.348	EUR	Energobit SA Cluj	28.04.2023
Performance guarantee	168.450	EUR	BT SA Cluj	29.11.2023

Total EUR	**1.511.420**	**EUR**
Total RON	**181.157**	**RON**
Total CHF	**62.050**	**CHF**
Total PLN	**187.563**	**PLN**

Part of the customer guarantee letters issued by Transilvania Bank, in favour of the company, were transferred to a Group bank, Deutsche Bank, to release from the loan ceiling agreed with Transilvania Bank and to be able to use the amount released other payments required by the company. As of 31 March 2020, the list of guarantee letters issued by Deutsche Bank is as follows:

Type of SGB	Amount	Currency	Beneficiary	Maturity
Performance guarantee	47.500	EUR	Ute Biomasa	30.04.2020
Performance guarantee	16.000	EUR	Ute Biomasa	30.04.2020
Advance payment	79.500	EUR	Electromontaj Carpati	30.04.2020
Performance guarantee	24.000	EUR	E-Distributie Banat	30.08.2020
Advance payment	110.709	EUR	ROMELECTRO SA	30.09.2020
Advance payment	539.175	NOK	Hardanger	01.10.2020
Advance payment counter guarantee	393.050	EUR	Energobit SA Cluj	28.10.2020
Performance guarantee	759.800	EUR	Transelectrica	11.03.2021
Performance guarantee	390.700	EUR	ROMELECTRO SA	30.04.2021
Performance guarantee	15.500	EUR	Acciona	15.01.2020
Performance guarantee	47.527	EUR	Acciona	15.01.2020
Advance payment	31.125	EUR	Transelectrica	27.06.2022
Advance payment	554.888	EUR	Transelectrica	27.06.2022
Performance guarantee	192.848	EUR	SMART Sibiu - Iernut	31.07.2023
Performance guarantee	849.775	EUR	Transelectrica	28.10.2023
Performance guarantee	112.547	EUR	Transelectrica	28.10.2023
Advance payment counter guarantee	1.235.300	EUR	E-Distributie Banat	11.02.2021

Total EUR	**4. 860.769**	**EUR**
Total NOK	**539.175**	**NOK**

Guarantees received

The Company received, in order to guarantee payment to suppliers, parental guarantee from SGB-SMIT Management GmbH worth EUR 5.876.494 and from STARKSTROM-GERÄTEBAU GMBH worth EUR 147.000.

Environmental matters

The environmental effects of the Company's activities are monitored by the Company's management. As a result, no provisions were set for any kind of potential obligations in relation to environmental matters.

Transfer pricing

The Romanian fiscal legislation includes the "arm's length" principle, according to which inter-company transactions should be performed at market value. Local taxpayers that perform inter-company transactions should prepare and submit the transfer pricing file with the Romanian tax authorities, upon written request of the latter. Failure to submit the transfer pricing documentation file or submission of an incomplete file may lead to penalties for non-compliance; in addition to the contents of the transfer pricing documentation file, the tax authorities may interpret the transactions and circumstances in a manner different than that

of the company and, as a result, they may determine additional fiscal obligations resulting from transfer pricing adjustments. The Company management considers they will not record losses in the case of a fiscal review of transfer pricing. However, the impact of a different interpretation from the tax authorities cannot be reliably measured. It could be significant for the Company's financial position and/or operations.

Potential tax liabilities

All amounts owed to the State for taxes have been paid or recorded at the balance sheet date. The Romanian tax system is in the process of consolidation and constantly changing, with different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, fees and penalties. If state authorities discover violations of legal provisions in Romania, they may, as the case may be: confiscate the amounts in question, calculate additional tax obligations and fines, application of late payment increases (applied to the actual payment amounts). Therefore, the fiscal sanctions resulting from breaches of the legal provisions may reach significant amounts to be paid to the State.

The Company believes that it has paid in full and in full all taxes, penalties, penalties and penalties, as the case may be.

The Romanian tax authorities have not carried out controls regarding the calculation of the corporate tax until the date.

Committments

There are no committments for fixed assets acquisitions.

Based on existing open contracts with client companies, the open orders can be considered as committments to deliver products. To these, there are no open committments for expenses for production.

27 Related parties

As of 31 March 2020, the Board of Directors is composed of following members:

1. Tilo Dorn - President
2. Franz Schatzl - Member
3. Matthias Gradl – Member
4. Ulrich Voss – Member
5. Markus Spliethoff – Member

Board members do not hold shares within Retrasib S.A. and are not remunerated and there were no loans or treasury advances to directors.

Transactions and intragroup balances

Intragroup financing is described in Note Loans.
Below is the breakdown of trade balances and transactions:

Transactions type:

Related parties	Description	Relationship
STARKSTROM SGB	Sales transformers, sales services, purchasing materials, purchasing services	Belongs to the SGB Group (major shareholder
SGB - Smit GmbH	Fees, other costs	Belongs to the SGB Group (major shareholder
SGB-Smit International GmbH	Loans and interest	Immediate parent entity
Royal TRANSFORMATOREN Smit BV	Materials acquisition, services provided	Belongs to the SGB Group (major shareholder
TrafoProiect	services provided - cut core	Joint immediate parent entity

Balances 31/12/2019
Related parties

From sales/purchases of goods and services	Supplier (RON)	Customer (RON)
STARKSTROM SGB	-	6.620.534
SGB- Smit GmbH	4.489.294	-
SGB - Smit International	31.877	-
Royal TRANSFORMATOREN Smit BV	-	-
TrafoProject	493.486	-
Total from sales/purchases of goods and services	**5.014.657**	**6.620.534**
From loans		
SGB- SMIT INTERNATIONAL - loan	29.497.840	-
SGB- SMIT INTERNATIONAL - interest	3.690.870	-
Total from loans	**33.188.710**	**-**

Transactions 2019
Related parties

From sales/purchases of goods and services	Purchase before VAT (RON)	Sales. excluding VAT (RON)
STARKSTROM SGB	2.167.689	61.785.027
SGB - Smit International	31.877	-

SGB – Smit GmbH	1.793.014	-
Royal TRANSFORMATOREN Smit BV	34.707	250.889
TrafoProject	-	-
Total from sales/purchases of goods and services	**4.027.287**	**62.035.916**
From loans		
STRAKSTROM - interest	**-**	-
SGB- SMIT INTERNATIONAL - interest	1.558.833	-
Total from loans	**1.558.833**	**-**

Balances 31/03/2020
Related parties

From sales/purchases of goods and services	**Supplier (RON)**	**Customer (RON)**
STARKSTROM SGB	-	3.381.450
SGB- Smit GmbH	4.843.661	-
SGB - Smit International	31.877	-
Royal TRANSFORMATOREN Smit BV	-	-
TrafoProject	493.486	-
Total from sales/purchases of goods and services	**5.369.025**	**3.381.450**
From loans		
SGB- SMIT INTERNATIONAL - loan	29.782.369	-
SGB- SMIT INTERNATIONAL - interest	4.336.989	-
Total from loans	**34.119.358**	**-**

Transactions on Jan-March 2020
Related parties

From sales/purchases of goods and services	**Purchase before VAT (RON)**	**Sales. excluding VAT (RON)**
STARKSTROM SGB	519.554	21.127.433
SGB - Smit International	-	-
SGB – Smit GmbH	413.797	-
Royal TRANSFORMATOREN Smit BV	-	-
TrafoProject	-	-
Total from sales/purchases of goods and services	**933.350**	**21.127.433**
From loans		
STRAKSTROM - interest	**-**	-
SGB- SMIT INTERNATIONAL - interest	516.368	-
Total from loans	**516.368**	**-**

Key management personnel

For March 2020 key management personnel are:
Mrs. Gherghel-Diaconeasa Claudia-Adela – General Manager
Mrs. Panaitescu Roxana Laura – Financial Manager
Mr. Muresan Florin – Operational Manager

In addition to their salaries and bonuses, the Company does not provide other non-cash benefits or share based payments to directors and executive officers and does not contribute to any post-employment defined benefits plan on their behalf. The Company paid to the management personnel during Q1 2020 a total remuneration of RON 230.751.
The Company will also pay to Management bonuses according to different criteria of perfomancy, after the approval of the annual financial statements for the year end 31 December 2019.

28 Construction contracts

Starting 2017, the company measures the turnover and the related receivables and payables based on the long term contracts percentage of completion.
Starting January 2018, the company applies IFRS 15, which provides that in the balance sheet to be presented separately receivables and liabilities arising from construction contracts, as defined in the accounting policies.
The balance sheet position for ongoing construction contracts is as follows:

	31/12/2019	**31/12/2018**
Total costs carried out and recognised profits (less recognised losses)	77.326.352	37.963.868
Less: invoiced amounts	-39.617.763	-29.287.064
Net	**37.708.589**	**8.676.804**
Net position refers to:		
Receivables from construction contracts (note 7)	52.603.156	15.904.189
Liabilities from construction contracts (note 12)	-14.894.567	-7.227.385
Net	**37.708.589**	**8.676.804**

The Company uses the „percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

29 Financial instruments

Hedging contracts at 31 December 2018	Market values	Nominal values
Commodity Hedging – Copper	-462.954	16.580.615

Foreign exchange contracts	Market values	Nominal values
DKK	10.989	1.888.787
Total	**10.989**	**1.888.787**

Gains and losses on hedged items	**2018**
Gains (-) and losses (+) on the hedged copper	87.925
Gains (-) and losses (+) on the hedged foreign currencies	235.278
Hedge effects in equity, net of deferred tax	-1.066.207
Hedge expense in the income statement	-323.202

Breakdown of positive and negative market values of derivates recognized in BS in cash flow and fair value hedges	**31.dec.2018**
Positive market values from hedge accounting	**241.740**
thereof cash flow hedges	241.740
thereof fair value hedges	-
Negative market values from hedge accounting	**-693.705**
thereof cash flow hedges	-693.705
thereof fair value hedges	-

Hedging contracts at 31 December 2019	Market values	Nominal values
Commodity Hedging – Copper	536.676	7.337.984

Gains and losses on hedged items	**2019**
Gains (-) and losses (+) on the hedged copper	-
Gains (-) and losses (+) on the hedged foreign currencies	-
Hedge effects in equity, net of deferred tax	830.458
Hedge expense in the income statement	98.959

Breakdown of positive and negative market values of derivates recognized in BS in cash flow and fair value hedges	**31.dec.2019**
Positive market values from hedge accounting	**549.722**
thereof cash flow hedges	549.722
thereof fair value hedges	-

Negative market values from hedge accounting	**-13.046**
thereof cash flow hedges	-13.046
thereof fair value hedges	-

To avoid price fluctuations that have a negative effect, the Company uses hedging instruments to minimize the risk. As of 31 December 2019, the Company had 12 active hedging contracts for commodity, copper.

Trade receivables neither past due nor impaired	**31/03/2020**	**31/12/2019**
Group 1	7.295.728	5.885.486
Group 2	22.449.883	23.322.424
Group 3	3.631.395	1.718.992
Total unimpaired trade receivables	**33.377.006**	**30.926.902**

Group 1 – new customers/related parties
Group 2 – existing customers/related parties with no defaults in the past.
Group 3 – existing customers/related parties with some defaults in the past.

All balances were fully recovered. None of the financial assets that are fully performing has been renegotiated in the last year. Details on trade receivables impaired and past due but not impaired can be seen in Note 7.

The risk management activity within the Company is performed in relation to financial risks, operating risks and legal risks. The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

Risks identified by the company are:

a) Currency risk
b) Liquidity risk
c) Credit risk
d) Interest risk
e) Capital risk management

a) Currency risk

The Company performs transactions expressed in different currencies, mainly in EUR. Hence, there is the risk of fluctuations in the exchange rates. The exposures to the exchange rate are managed according to the approved policies.

Exposure to currency risk at 31/12/2019

Currency	**RON**	**CHF**	**HUF**	**USD**	**EUR**	**SEK**	**DKK**	**NOK**	**TOTAL**
Trade receivables	55.533.833	-	-	-	28.377.978	2.875	-	8.305	83.922.990
Hedge receivables	-	-	-	-	549.722	-	-		549.722
Cash in the bank	10.510	-	181	1.361	69.719	2.827	234	0	84.833
Total assets	**55.544.343**	**-**	**181**	**1.361**	**28.997.419**	**5.702**	**234**	**8.305**	**84.549.241**
Liabilities	-18.776.119	-49.134		-1.346.819	-59.036.935	-	-572.453	-	-79.781.460
Hedge liabilities	-	-	-	-	-13.046	-	-	-	-13.046
Bank loans	-41.348.703	-	-	-	-	-	-	-	-41.348.703
Intercompany loans	-	-	-	-	-29.497.840	-	-	-	-29.497.840
Total liabilities	**-60.124.822**	**-49.134**	**-**	**-1.346.819**	**-88.547.821**	**-**	**-572.453**	**-**	**-150.641.049**
Net currency exposure	**-4.580.478**	**-49.134**	**181**	**-1.345.458**	**-59.550.401**	**5.702**	**-572.219**	**8.305**	**-66.091.808**

Exposure to currency risk at 31/03/2020

Currency	**RON**	**CHF**	**HUF**	**USD**	**EUR**	**SEK**	**DKK**	**NOK**	**TOTAL**
Trade receivables	83.839.535	-	-	-	5.916.147	2.875	-25.912	-	89.729.770
Hedge receivables	-	-	-	-	549.722	-	-		549.722
Cash in the bank	5.297	-	169	652	13.170	5.601	458	8.628	33.975
Total assets	**83.844.832**	**-**	**169**	**652**	**6.479.038**	**5.601**	**25.454**	**8.628**	**90.304.839**
Liabilities	-17.824.049	-49.134	-	-712.181	-65.734.806	-	-177.666	-116	-84.497.952
Hedge liabilities	-	-	-	-	-13.046	-	-	-	-13.046
Bank loans	-41.680.617	-	-	-	-	-	-	-	-41.680.617
Intercompany loans	-	-	-	-	-29.782.369	-	-	-	-29.782.369
Total liabilities	**-59.504.666**	**-49.134**	**-**	**-712.181**	**-95.530.220**	**-**	**-177.666**	**-116**	**-155.973.983**
Net currency exposure	**-24.340.166**	**-49.134**	**169**	**-711.529**	**-89.051.182**	**5.601**	**-203.119**	**8.305**	**-65.669.145**

The company's indebtedness in euros represents a balance sheet exposure to the risk of exchange rate RON / EUR.
An increase in the exchange rate would generate foreign exchange losses on balance sheet exposure but would have positive operational effect because a major part of the sale prices are set in EUR while most costs are in RON. The main costs are represented by raw materials where the acquisition prices are denominated in EUR.

Sensitivity analysis

10% is the sensitivity rate used when the internal reporting on the foreign currency risk to the Company is done and it represents the management estimate on the reasonably possible changes in exchange rates. The sensitivity analysis only includes the remaining foreign currency expressed in monetary items and adjusts the conversion at the end of the period for a 10% change in exchange rates.

A strengthening of RON against the above currencies with 10% will have positive foreign exchange effect of RON 9.000.919 (2019: 6.151.133 RON). A 10% depreciation of the RON against the above currencies will have an equal opposite impact on loss for the year. The changes will be attributable to the exposure related to the intercompany loans, cash and cash equivalents and trade receivables and payables with foreign partners at the end of the year. This analysis assumes that all other variables, in particular interest rates, remain constant.

b) Liquidity risk

Liquidity risk is the ability of the Company to finance asset growth and / or meet its obligations when they become due and liquidity management is an integral part of the management of assets and liabilities.

This risk of loss, can lead to inability to meet payment on short term without expensive bank loans.

Liquidity analysis is carried out according to weekly payments and receipts and is correlated with cash needs. Management decided to use short term loans to finance the working capital because the products are made with long manufacturing cycle and between the time when an order is released and the one that collects production financing is needed.

Liabilities 31.dec.2018	**Below one year**	**1-5 years**	**Over 5 years**
Interest bearing			
Bank loans	29.372.620	-	-
Financial lease from Group	398.560	1.462.053	1.494.181
Short-term intra-group loans	23.972.446	-	-
Future interest		-	-
Non-interest bearing			
Short-term trade payables	45.472.808	-	-
Other liabilities	3.932.108	-	-
Total	**103.148.542**	**1.462.053**	**1.494.181**

Liabilities 31.dec.2019	**Below one year**	**1-5 years**	**Over 5 years**
Interest bearing			
Bank loans	41.348.703	-	-
Financial lease from Group	443.191	1.376.838	1.158.976
Short-term intra-group loans	29.497.840	-	-
Future interest	2.640.136		

Non-interest bearing			
Short-term trade payables	79.781.460	-	-
Other liabilities	5.943.167	-	-
Total	**159.654.497**	**1.376.838**	**1.158.976**

The company has disclosed in note 14 the credit limits and the portion yet undrawn from them, which represents available funding to cover liquidity needs.

a) Credit risk

Credit risk relates to the risk that a counterparty will not meet its obligations causing financial losses to the Company. The Company has adopted a policy of performing transactions only with trustworthy parties and of obtaining sufficient guarantees, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Company's exposure and the credit ratings of third parties to contracts are monitored by the management.

Trade receivables consist in a number of clients from energy industry and different geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

The cash is held in financial institutions which, at the date when it is deposited, are considered to have the lowest reimbursement risk.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Company, beyond the provisions already recorded

The company has signed contracts with law firms to assist in collecting debts in due time. Currently there is no trial pending with regards to the colleaction of accounts receivables.

Our company's customers are companies of national interest or companies investing in industry with capital and financial strength, thus it is considered that cashing risk is low and has little chance to influence the activity of the company, although there are occasionally notices on delays in collection.

Receivables by age	**31/03/2020**	**31/12/2019**
not due	24.822.895	27.536.323
0-30 days	941.240	1.768.656
31-60 days	-121.939	1.607.583
61-90 days	6.507.109	119.459
> 90 days	1.605.950	287.813
Grand Total	**33.755.256**	**31.319. 834**

c) Interest risk

Accessed loans are due to insufficient liquidity and the specificity of manufacturing segment - long manufacturing cycle, whereas accounts receivables are booked and collected at the latter stage of contract performance.

Accessed loans are aimed mainly to cover the purchase of raw materials and cover liquidity up to the collection of receivables.

The company has access to a Global Exploitation Ceiling contracted with the financing bank. The Global Exploitation Ceiling includes both credit line for the current activity and letters of bank guarantee.
This ceiling is guaranteed by a pledge on the buildings and inventories.

Exposure to interest rate risk	RON		Sensitivity to interest rate variation 1p%
Intercompany loan with fixed interest	29.782.369		297.824
Financial lease with fixed interest	2.867.272		
Bank loans with variable interest	41.680.617	ROBOR plus 2%	416.806

The company is meeting the financial convenants set by the Bank financing agreements.

d) Capital risk is analyzed based on the gearing ratio. This ratio is calculated as net debt divided by equity. The net debt is represented by the total loans less the cash and cash equivalents.

	31/03/2020	**31/12/2019**
Equity as at 31 March	**-20.132.856**	**-19.922.392**
Bank loans	41.680.617	41.348.703
Intercompany loans	29.782.369	29.497.840
Financial lease	2.867.272	2.979.005
Less cash and cash equivalents	-33.975	-84.834
Total debt	**74.296.283**	**73.740.714**
Level of indebtedness (gearing ratio)	**-3,69**	**-3,70**

In order to improve the Company's capital risk position in 2019, the Company's Shareholders decided to increase the share capital with a value of 26.113.153,90 RON, partly through conversion of existing group loans for an amount of 24.109.631 RON, and the rest through cash contribution.
The gearing ratio considering the above-mentioned change would be:

30 Subsequent events

Until the date of the financial statements the Company doesn't have any significant events.

CEO
Gherghel-Diaconeasa Claudia-Adela

CFO
Panaitescu Roxana-Laura