

**AEROSTAR S.A.**

**QUATERLY REPORT  
ON 30.09.2018**

According to Appendix 13 from Regulation no. 5/2018

Issued by the Financial Supervisory Authority (ASF)

## **CONTENT**

- **Report of the Board of Directors for 9 months 2018**
- **Financial Statements on September 30<sup>th</sup> 2018**

## **Identification data**

**Date of the report:** 30.09.2018

**Name of the issuer:** **AEROSTAR S.A. Bacău**

**Registered headquarter:** 9 Condorilor St., Bacău, România

**Telephone number/fax:** +40234575070/ +40234572023

**Individual Identification Number:** RO 950531

**Trade number in Bacau Trade Register:** J04/1137/1991

**LEI Code of identification:** 315700G9KRN3B7XDBB73

**Registered capital, subscribed and paid:** 48.728.784 lei

**Number of shares issued:** 152.277.450

**Nominal value:** 0,32 lei / share

**The regular market on which the securities/shares issued are traded:**

**Bucharest Stock Exchange (“ARS” indicator) – Standard Category**

## **Report of the Board of Directors for 9 months 2018**

### **Report on AEROSTAR's business**

#### **Introduction**

The report of the Board of Directors for the 9 months of 2018 of AEROSTAR S.A. Bacau is prepared in accordance with Regulation no. 5, 2018 regarding the issuers of financial instruments and market operations, issued by the Financial Supervisory Authority on 10 May 2018 and entered into force on 11 June 2018.

According to this regulation, the report must present the analysis of the present economic-financial situation of AEROSTAR, in comparison with the similar period of the previous year; an analysis of the activity, of the events, transactions and economical changes which significantly affect the income from the basic activity, as well as the changes which affect the equity, the company's administration and the significant transactions.

This report contains the economic-financial indicators provided in Appendix no. 13, letter A, the important events, the financial position and performance of the company Aerostar for 9 months 2018, as provided in Appendix 13, letter B.

The financial statements prepared on September 30<sup>th</sup> 2018 are not accompanied by the review report of the independent financial auditor of the company AEROSTAR.

The financial statements prepared on September 30<sup>th</sup> 2018 were audited by the internal auditor of the company.

## **MAIN ELEMENTS FOR THE ASSESSMENT OF THE COMPANY'S ACTIVITY ON 9 MONTHS 2018**

In the first nine months of 2018, AEROSTAR's activity was performed in conditions of continuity and predictability, fulfilling the economic-financial objectives established in the budget provided for this period.

According to the classification of activities in the Romanian economy, Aerostar's object of activity is the manufacture of aircraft and spaceships – CAEN code 3030.

AEROSTAR continued the processes of consolidation regarding its position in the aeronautical and defence market, in the three main business lines:

- Manufacturing of aviation products
- Maintenance of commercial aircraft
- Defence systems

### **Economic-financial indicators**

<b>Description</b>	<b>Calculation method</b>	<b>Result</b>
1.Current liquidity indicator*	Current assets/ Current liabilities	7,17
2. Indebtedness indicator**	Borrowed capital/ Own equity x 100	0
3. Rotation speed of the customers debits***	Average customers balance/ Turnover x 270	52
4.Rotation speed of the non-current assets****	Turnover/ Non-current assets	1,50

#### **Notes:**

*\*Offers the warranty of covering the current liabilities from current assets. The recommended value accepted is approximately 2.*

*\*\* Expresses the effectiveness of the credit risk management, indicating the potential financial problems, liquidity, with influences in honouring the commitments.*

*\*\*\* Expresses the effectiveness of the company in collecting its receivables, i.e. the number of days until the debtors pay their liabilities to the company.*

*\*\*\*\* Expresses the effectiveness of the non-current assets management, by examining the turnover generated by a certain quantity of non-current assets.*

## **Analysis of the company's activity**

AEROSTAR was established in 1953 and operates in accordance with the Romanian Law. Its operations take place at its registered headquarters located in Bacau, 9 Condorilor Street, code 600302. In accordance with the Decision of the Board of Directors no. 2/14.12.2017, the opening of a secondary headquarter was approved, without legal personality (place of business) in Iasi, on Aeroportului Street, no. 25B.

Aerostar's main field of the activity is production.

Main object of activity is "manufacture of aircraft and spaceships" – CAEN code 3030.

The company was registered as a shareholding company at the Trade Register of Bacau under number J04/1137/1991 with the current name of AEROSTAR S.A. and having the individual registration code 950531, the identification code at European level (EUID): ROONRC.J04/1137/1991.

The company is listed at the Bucharest Stock Exchange under ARS code and the record of the shares and shareholders is kept, according to the law, by the Depozitarul Central S.A. Bucharest.

During January 2018 - September 2018, no new shares or participation bonds, convertible obligations, options or similar rights were registered.

From an accounting regulations point of view, the company AEROSTAR S.A. is the subsidiary of the company IAROM S.A., therefore the parent company which consolidates the financial statements of the group is IAROM S.A., having the identification code 1555301 and the registered headquarter in Bucharest, Aerogarii Boulevard, no. 39.

The consolidated financial statements of the financial year 2017 were submitted to A.N.A.F. under the registration number 150489860/ 22.08.2018. Copies of the consolidated financial statements can be obtained from the headquarter of the parent company, IAROM S.A.

The parent company will prepare and publish a set of consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended in 31.12.2018.

The company has one operating segment according to IFRS 8 and no distinct financial information is reported for different components of the entity.

Information regarding the sales on the markets are presented in detail in the Report of the Board of Directors.

The management policy is focused on maintaining a solid base of capitals, with the purpose of sustaining the continuous of the company and reaching its strategic objectives.

The company will take firm actions furthermore to assure the sustainability of the investments and the business increase.

The strategy adopted develops the main object of AEROSTAR's activity so that the majority of the turnover is in the aeronautical field. The general objective is the annual increase of the turnover and to simultaneously increase the customers' satisfaction. The specific objectives, which sustain the general objective, comprise the ongoing organic development of the company: development of the centres of excellence by continuing the modernisations, investments, the programs of continuous improvement and the development of the organizational culture.

The company capitals entirely cover the necessary funding for the production and for realization of the investments. Through its dividend policy, the Company develops its own company capitals in parallel to the increase of the sales and of the investments.

During January – September 2018, no borrowed capital was used and no cash infusion from the shareholders was made.

## **The Business Model**

**AEROSTAR operates on the market as an independent company.**

The value proposed by Aerostar on the market is created in the core business, from PRODUCTION, in the aviation and defence field.

The management has adopted an integrated model of business, based on the systemic and process-based approach and on RISK.

The value created by the company in the value chain of the economy is supported by a divisional type organization, based on accounts management centres in the area of production, auxiliary activities and functional activities. Aerostar performs its object of activity using in an integrated way the common resources of the organization.

Starting with January 2018, AEROSTAR has operated organizational changes with the purpose of better mobilisation and use of the resources, to better exploit the market opportunities and to respond better to the requirements of the customers.

The new organizational structure operates according to the objectives established.



## SIGNIFICANT ASPECTS, IMPORTANT EVENTS AND THEIR IMPACT ON THE FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES

Synthesis of the main economic-financial data for 9 months 2018, compared to 9 months 2017

MU		30.09.2018	30.09.2017
Registered capital	thousand lei	48.729	48.729
Turnover	thousand lei	238.159	223.799
- Export sales	thousand lei	180.790	182.962
The effective number of employees, from which:	no.	1.999	2.100
- Own employees	no.	1.868	1.947
- Employees attracted through temporary labour agent	no.	131	153
Net profit	thousand lei	59.820	26.984
Cash - flow	thousand lei	143.516	130.405

	30.09.2018	30.09.2017
General liquidity	7,17	6,07

During the first 9 months of 2018 no events or other factors affected the liquidity of AEROSTAR.

The volume of the investments performed on 9 months 2018 has doubled in comparison with the similar period of 2017:

	30.09.2018	30.09.2017
Expenses for investments from company sources (thousand lei)	23.595	11.745

## AEROSTAR SHARES(‘ARS’)

### The main characteristics of the shares issued:

**152.277.450 shares**, nominative, ordinary, of equal value, paid integrally, issued in dematerialized form and recorded in the Register of Shareholders.

This is managed by Depozitarul Central S.A. Bucharest.

The issuer AEROSTAR S.A. Bacau is registered with the following data:

Individual Identification Number 950531, ISIN ROAEROACNOR5 code, ARS stock exchange symbol, the issued shares being all in the standard category.

### Evolution of ‘ARS’ shares

	30.09.2018	30.09.2017	30.09.2016
Number of shares	<b>152.277.450</b>	152.277.450	152.277.450
Nominal value per share (lei)	<b>0,32</b>	0,32	0,32
Equity (lei)	<b>295.343.358</b>	227.019.817	217.060.598
Price at the end of the period <sup>1</sup> (lei)	<b>5,20</b>	4,27	3,09
Stock exchange capitalization <sup>1</sup> (lei)	<b>791.842.740</b>	650.224.712	470.537.321
Maximum price <sup>1</sup> (lei)	<b>5,36</b>	4.55	3.22
Minimum price <sup>1</sup> (lei)	<b>4,65</b>	3.25	2.24
Result per share (lei)	<b>0,393</b>	0,177	0,317

1) Source: Monthly newsletter issued by the Bucharest Stock Exchange

<b>MBR Indicator</b> (market to book ratio)			
Stock exchange capitalization / equity)	<b>2,68</b>	2,86	2,17

Worth to note is significant increase of the stock exchange capitalization and of the interest for the company's shares.

AEROSTAR follows the activity related to the evolution of the AEROSTAR shares on the Bucharest Stock Exchange without interfering in its operations with this activity.

#### Events from the category of the current reports:

- On 16 January 2018 AEROSTAR S.A. communicated to the shareholders the opening of a secondary headquarter with no legal personality (place of business) in Iasi, on Aeroportului Street, no. 25B as in 15 January 2018 the Trade Register of Bacau issued the Resolution no. 469/12.01.2018 regarding the admission of the registration application for a secondary place of business.
- Aerostar communicated to the shareholders the signing of a service contract, in the date of 24.05.2018, with the scope of the works of authorization, design, construction of an aircraft MRO hangar and the technical annex, instalations, urban improvements and fencing of the working point opened in Iasi. The duration of this contract is 18 months and its total value is 5.600.000 Euro, without VAT. The financing of this acquisition is assured from own sources.

## **Anniversary events**

The 65<sup>th</sup> anniversary since the establishment of the company highlighted the importance of the company for the development of the local community, of the aviation and defence industry and for Romania and hosted many activities and events.

- On 16 April 2018, the members of the County Council voted the granting of the title of an Honorary Citizen of Bacau county to Mihai Nicolae TONCEA, President – General Director IAROM S.A., the majoritary shareholder of the company.
- On 17 April 2018 AEROSTAR celebrated 65 years from its establishment. Aerostar is a representative company for the Romanian and European aviation and defence industry and marked its 65<sup>th</sup> anniversary through a series of events. Most of them were organized and financed by the Cultural-Educational Association Aerostar Bacau.
- On 26 April 2018, the President of Romania, Mr. Klaus Werner JOHANNIS visited AEROSTAR. The management of the company presented a part of the production and maintenance centers from the civil aviation field, as well as the perspectives of the synergic development of the businesses from the civil aviation and defence industry, the existent potential and the advantages which AEROSTAR has presented in order to realize competitive national solutions relating to the future programs of the Romanian Army.
- On 11 May 2018, a delegation led by the Ministry of National Defence, Mr. Mihai FIFOR, accompanied by Mr. Hans Klemm, USA Ambassador and other government, parliamentary and local officials visited Aerostar. The management of the company presented the capabilities from the production and maintenance centres from the civil aviation field, as well as the perspectives of the synergic development of the businesses from the civil aviation and defence industry, the existent potential and the advantages which AEROSTAR is presenting in order to realize competitive national solutions related to the future programs of the Romanian Army.

**Aerostar paid the dividends due to shareholders related to the year 2017**

**Starting with 20.09.2018 the shareholders were paid the dividends distributed from the profit realised in the financial year in 2017.**

The coordinates of the dividends' payment owed to the shareholders, distributed from the profit of the year 2017 were communicated to the shareholders of the company, through a press release published on August 20<sup>th</sup> 2018, namely:

- a) the gross dividend per share is 0,094 lei, amount from which the tax on dividends is retained, in the quotas provided by the legislation into force at the payment date; the costs related to the payment shall be deducted from the amount of the net dividend;
- b) the "ex date" was established for the date of 30.08.2018 according to the decision of the Ordinary General Meeting of the shareholders from 19.04.2018;
- c) the shareholders entitled to receive the dividends distributed from the net profit realised from the financial year 2017 are the ones registered at the consolidated register of the shareholders in the date of 31.08.2018. – The registration date approved by the Ordinary General Meeting of the Shareholders from 19.04.2018;
- d) the dividends distributed from the profit realised in the financial year 2017 were paid to the shareholders starting with 20.09.2018 – The payment date approved by the Ordinary General Meeting of the Shareholders from 19.04.2018;

**The payment of the dividends is performed through Depozitarul Central** by respecting the legal provisions applicable (art. 86, paragraph 5 from Law 24/2017 and art. 177 from the ASF Regulation no. 5/2018), as it was detailed in the press release from August 20<sup>th</sup> 2018, and which can be found on the company's website [www.aerostar.ro](http://www.aerostar.ro), at the section Investors Relation.

The shareholders are reminded that any data modifications in the register of the shareholders (modifications of name, address, heritage etc) shall be performed only by Depozitarul Central SA –with its headoffice in Bucharest, Sector 2, B-dul Carol I, no. 34-36, et. 3, 8 and 9, tel. 021.408.58.60, 021.408.58.66, 021.408.58.19 – at the shareholder's/entitled person's application.

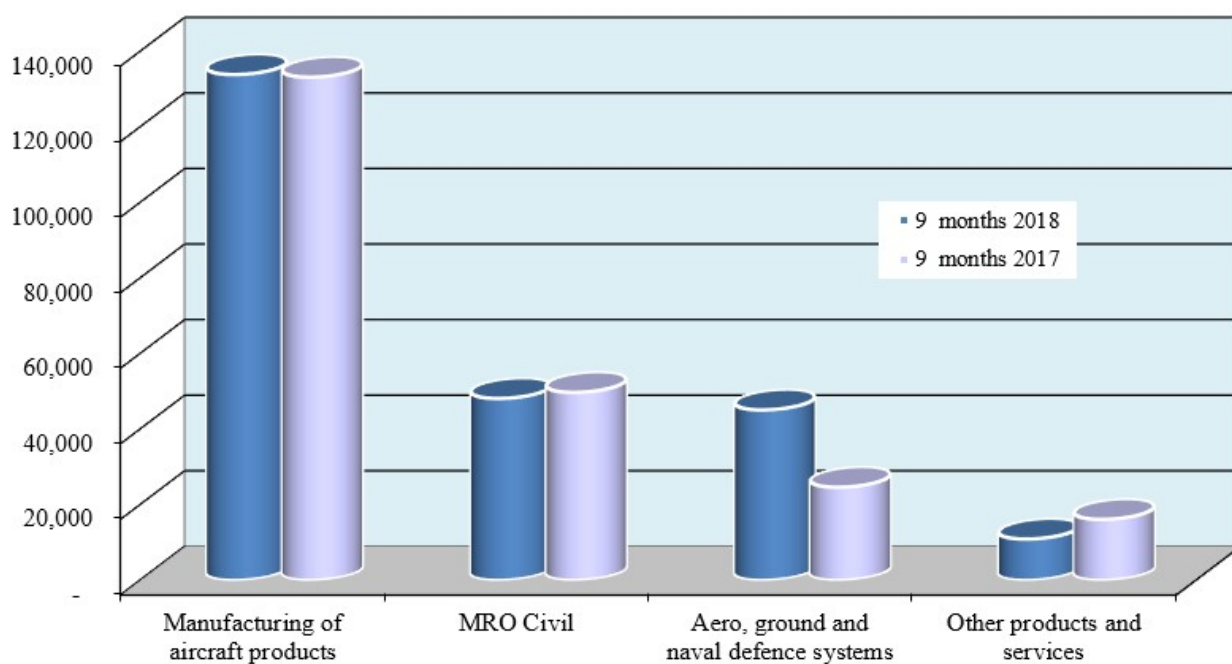
Any additional information regarding the dividends's procedure can be requested at:  
-Depozitarul Central: e-mail: [dividende@depozitarulcentral.ro](mailto:dividende@depozitarulcentral.ro)  
-AEROSTAR S.A.: tel. 0234.575.070 ext. 1445 or 1647, fax 0234/572023, e-mail: [aerostar@aerostar.ro](mailto:aerostar@aerostar.ro)

AEROSTAR S.A. did not identify any events subsequent to the reporting date which would have an impact on the financial statements for 9 months 2018.

## AEROSTAR market and business development

During January – September 2018, AEROSTAR had sales in the amount of 238.159 thousand lei, from which 180.790 thousand lei, approximately 76%, were export sales, with a high diversity of customers, in a large number of different production programs.

### Comparative evolution of the sales on the main business markets:

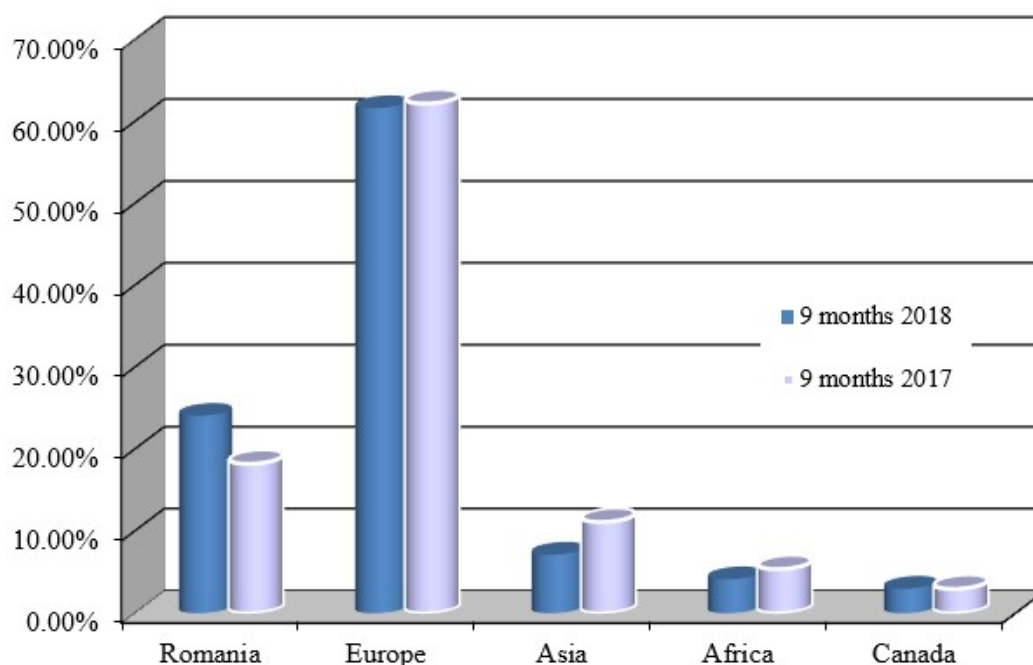


## Sales on the main markets for 9 months 2018



■ Manufacturing of aviation products	56,23%
■ MRO	20,22%
■ Aero, ground and naval defence systems	18,95%
■ Other products and services	4,59%

Aerostar's sales footprint is significant, on a global market of large geographical extent both in the civil and defence field.





## **Investments for sustainable development**

### **Investments in equipment and infrastructure**

The expenses for the investments program on the first 9 months of the year are 23.595 thousand lei from which the amount spent for intangible immobilization is 395.842 lei.

On 24 May 2018, Aerostar signed a contract for services for authorization, design and building of the MRO civil aviation hangar and technical annex, installations, urban improvements and fencing of the area for the working point opened in Iasi.

At this secondary headquarter, Aerostar will perform activities of civil aviation MRO for Boeing 737 and Airbus 320.

The contract was signed for a period of 18 months and the total value is 5.600.000 Euro without VAT.

The financing of this investment is made from the company's own sources.

### **Aspects related to the Quality and Environmental Management System**

During the nine six months of 2018, Aerostar has maintained the certifications and approvals obtained either from the certification bodies, or from customers and other regulatory authorities.

As regards quality, surveillance audits were carried out both by the Romanian Civil Aeronautical Authority for the continued Part 21G and Part 145 approvals, by AEROQ for the Recertification Audits of the Quality Management System according to the requirements of SR EN ISO 9001 Standard from 2015, according to the AQAP 2110 requirements from 2016, as well as according to the requirements of AS 9100 Standard Rev. D from 2016.

As regards the environment, two control inspections were made from the Environment Guard Authority and one from the National Administration “Apele Romane”. Also, the validation audit for the number of Greenhouse Gas Emissions certificates relating to the year 2017, certificates which were handed over by assuring the conformity with the legislation in force, as well as the recertification audit for the Environment Management in accordance with SR EN ISO 14001 from 2015.

Furthermore, in the first 9 months of 2018, the monitoring of water, air and noise was performed in the entire company site, according to the regulations required by the Integrated Environment Authorization and currently the process of obtaining a new household authorization for water administration is in progress for *Baza Izvoare*.

**Aspects related to the employees of the company**

On 30.09.2018 it was an effective number of 1.999 employees, from which 1868 own employees and 131 employees – personnel temporary employed through the temporary work agent.

A number of 179 employees from company's own personnel are in management positions.

Other indicators at the date of 30.09.2018:

- the average employment years in AEROSTAR is 17 years;
- the average age of the employees in AEROSTAR and AIRPRO CONSULT is 46 years;

***Description of the relations between the manager and the employees as well as of the conflictual elements which may characterize these relations***

The average union membership in the company for 9 months 2018 was 74,08%.

In the first 9 months of 2018, AEROSTAR preoccupations materialized and a number of 146 young students from technical high schools “Anghel Saligny”, “N.V. Karpen”, “Dumitru Mangeron” and from Technologic highschool “Petru Rares” from Bacau, as well as 53 students from “Vasile Alecsandri” University from Bacau, Polytechnics University from Bucharest, University “Transilvania” from Brasov, Technical University “Gh. Asachi” Iasi, Military Technical Academy Bucharest and “Coventry” U.K. performed practice in the company.

In the first 9 months of 2018 professional training courses for the employees of the company were organized, targeting mainly the training in the areas of interest for the production activities:

- 40 courses (training programs) with external suppliers with a number of 425 attendants;
- 172 continuous professional training programs/internal approval.

A number of 8 internship programs were performed for young graduates with university technical studies, employees of the company.

Furthermore, an apprenticeship program for aircraft mechanics is ongoing, in which 12 apprentices are included.

The costs related to this period from the annual professional training budget was of: 724 thousand lei.

### ***” Open Doors Day”***

– In April 2018, on the occasion of the 65 years anniversary from the establishment of AEROSTAR S.A., two “Open Doors Day” events were organized, one dedicated to the highschool and college students from Bacau and the other one for the employees and their families, where 1.205 visitors participated.

## RISK MANAGEMENT

AEROSTAR is exposed to many risks and uncertainties which can affect its financial performance. The business lines performed by AEROSTAR, the operational results or the financial situation, may be affected by the materialization of the risk presented further.

AEROSTAR pursues to secure the average and long-term sustainability and the reduction of the uncertainty associated with its strategic and financial objectives.

Carrying out the risk management processes provides the identification, analysis, evaluation and management of risks in order to minimize their effects down to an agreed level.

**The reconfiguration of the Management System and of the Quality Management System in Aerostar in accordance with the latest editions of the standards SREN ISO 9001 of 2015, AQAP 2110 of 2016, AS 9100 Rev D of 2016, SR EN ISO 14002 of 2016 place a special emphasis on the risk management.**

**The recertification obtained after the external audit for each of these certifications and authorizations confirms the preoccupation and good practice established in Aerostar for the risk management.**

**The operational risk** is monitored through the intensive Management System implemented at all management levels and this process is sustained by the software applications used and implemented in the digitalization program.

The **Legal Risk** is associated to the operational risk.

Monitoring and elimination of the legal risk's effects is realised through a permanent information system regarding the legislative modifications, as well as by organizing an analysis, endorsement and approval system for the terms and conditions included in the commercial agreements.

AEROSTAR allocates and will continue to allocate investment expenses and other operational expenses in order to prevent and manage the operational risk.

We appreciate that currently there is a very low level of the operational risk in Aerostar.

In addition, AEROSTAR aims, by setting provisions for risks and related expenses, to have its own funding available to cover its risks of exposure.

Also, in order to minimize the operational risk, AEROSTAR annually renews, with 1<sup>st</sup> rank insurance-reinsurance companies, a civil liability insurance contract related to the main business lines (manufacturing of aircraft products and maintenance for commercial aircraft).

### **Credit Risk**

The financial flows and the situation of the amounts collected and amounts paid for each partner are permanently monitored and controlled, maintaining a real connection with them, as a result we appreciate that this risk is very low.

The cash and cash equivalents are placed only in 1<sup>st</sup> tier bank institutions, considered as having a high solvency.

The credit risk, including the risk of the country in which the customer operates in its activity, is managed on each business partner. When necessary, specific instruments of credit risk mitigation are requested (advance payments, letters of bank guarantee, confirmed letters of credit).

AEROSTAR has no significant exposure towards a single partner and does not register a significant concentration of the turnover on a single geographical area.

However, there is a significant exposure towards the global market of Airbus programs, a high percentage from the company's products being incorporated in Airbus aircraft.

**Liquidity Risk.** In this period this risk is practically inexistent.

To manage the liquidity risk, the cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of net modifications of the cash. Such reviews provide the basis for the financing decisions and for the capital expenditures.

As regards the management of the liquidity risk, AEROSTAR keeps an annual cash-reserve in the form of a Credit Line usable under the form of an overdraft granted by banks of 2.500.000 USD. During the reporting period, AEROSTAR did not use the Credit Line, all the activities of the Company being financed from its own sources.

AEROSTAR is exposed mainly to the **price risk** determined by the fluctuations of the raw material and of the materials used in the manufacturing products.

The management of this risk is realised through:

- diversification of the suppliers' portfolio, which offers increased negotiation leverage with suppliers when the prices increase for the raw materials.
- long-term agreements, with provision of fixed price.

AEROSTAR is exposed to the exchange rate risk because 76% of the turnover is reported to USD and EUR, while a significant part of the operating expenses is denominated in LEI.

Thus, AEROSTAR is exposed to the risk that the exchange rate variations shall affect both its net incomes as well as its financial position, as they are expressed in LEI.

As far as the interest rate risk is concerned, due to the fact that AEROSTAR did not use the contracted Credit Line in the reported period, the incomes and cash flows are independent from the interest rate variation on the banking market.

**Description of the main risks and uncertainties for the next 3 months of 2018**

For the following 3 months AEROSTAR does not foresee other significant risks than as managed in the current period and presented further:

**Operational risk:** the risk to incur losses or the failure to meet the estimated profits.

**Legal risk:** the risk of loss, resulting from the fines, penalties and sanctions of which AEROSTAR can be charged in case of non-application or misapplication of dispositions, legal or contractual provisions.

**Credit risk:** the risk of AEROSTAR to incur a financial loss as a result of the failure to meet the contractual obligations by a customer.

However, additional risks and uncertainties can exist, currently unknown or considered insignificant, but which can affect in the future the business lines performed by AEROSTAR.



## DATA RELATED TO THE AFFILIATED PARTIES

The companies where AEROSTAR has capital holdings operate in accordance with the Romanian law. At 30.09.2018 AEROSTAR has the following capital participations in other companies, with no modifications compared with the prior reporting period.

Name	Basic activity	Registered capital	Holdings Aerostar
<b>Airpro Consult SRL</b>	Contracting activities, on temporary basis, of manpower	10.000 lei	100%
<b>Foar SRL</b>	Renting and leasing activities with other machinery, equipment and tangible goods n.c.e.	8.000 lei	51%
<b>Aerostar Transporturi Feroviare S.A.*</b>	Manufacturing of lifting and handling equipment	200.000 lei	45,75%

The affiliated companies do not prepare quaterly financial reports, the latest financial statements prepared and approved being for the year 2017.

Subsidiary	Basic activity	No. of shares	Voting rights	Contribution held (thousand lei)	Financial information for the last financial year (2017) for which the financial statements of the affiliated companies were approved (thousand lei)		
					Sales	Own Equity	Net profit
<b>Airpro Consult SRL</b>	CAEN 7820 code	100	100,00%	10	9.138	171	106
<b>Foar SRL</b>	CAEN 7739 code	408	51,00%	4	479	1.966	219
<b>Aerostar Transporturi Feroviare S.A.*</b>	cod CAEN 2822	9.150	45,75%	92	-	273	1
Total				<b>106</b>	<b>9.617</b>	<b>2.410</b>	<b>326</b>

\*The activity of the Aerostar Transporturi Feroviare SA Bacău is suspended since the year 2016.

The transactions between AEROSTAR and the affiliated parties in the period 01.01.2018 – 30.09.2018, detailed in Note 26 to the Financial Statements consisted in:

#### TRANSACTIONS WITH AFFILIATED PARTIES

	9 months 2018	9 months 2017
<b>Aquisition of goods and services</b>		
Airpro Consult SRL Bacău	5.582	5.957
Foar SRL Bacău	395	369
<b>Total</b>	<b>5.977</b>	<b>6.326</b>

	9 months 2018	9 months 2017
<b>SALES OF GOODS AND SERVICIES</b>		
Airpro Consult SRL Bacău	-	4
Foar SRL Bacău	1	2
<b>Total</b>	<b>1</b>	<b>6</b>

	Balance on 30.09.2018	Balance on 30.09.2017
<b>LIABILITIES</b>		
Airpro Consult SRL Bacău	569	561
Foar SRL Bacău	72	88
<b>Total</b>	<b>641</b>	<b>649</b>

DIVIDENDS COLLECTED/TO COLLECT BY AEROSTAR	9 months 2018	9 months 2017
<i>Dividends collected by Aerostar</i>		
Airpro Consult SRL Bacău	90	97
Foar SRL Bacău	-	92
<i>Dividends to collect by Aerostar</i>		
Foar SRL Bacău	112	-
<b>TOTAL</b>	<b>202</b>	<b>189</b>

The transactions with the affiliated parties in the first 9 months of 2018 consisted in:

- Services provided by AIRPRO CONSULT SRL Bacau to AEROSTAR SA Bacau for temporary manpower
- Machinery rental services provided by FOAR SRL Bacau to AEROSTAR SA Bacau
- Services provided by AEROSTAR SA Bacau to FOAR SRL Bacau for space rental and supply of utilities
- Dividends collected/to be collected by AEROSTAR SA Bacau from AIRPRO CONSULT SRL Bacau and from FOAR SRL Bacau.

During 01.01.2018 – 30.09.2018 no transactions were held with the company Aerostar Transporturi Feroviare SA Bacău, their activity being suspended since 2016.

## THE ECONOMIC-FINANCIAL SITUATION

## Elements of the financial position

(thousand lei)	30.09.2018	31.12.2017
<b>TOTAL ASSETS, of which:</b>	<b>472.665</b>	<b>443.192</b>
<b>Noncurrent assets</b>	<b>158.629</b>	<b>153.686</b>
<b>Current assets - total, of which:</b>	<b>302.587</b>	<b>278.451</b>
- inventories	91.430	67.925
- trade receivables and other receivables	67.641	46.640
- cash and cash equivalent	143.516	163.886
<b>Other assets elements</b>	<b>11.449</b>	<b>11.055</b>
<b>TOTAL EQUITY, ADVANCE INCOME, LIABILITIES AND PROVISIONS, of which:</b>	<b>472.665</b>	<b>443.192</b>
<b>Total liabilities</b>	<b>58.022</b>	<b>52.331</b>
<b>Total provisions</b>	<b>108.422</b>	<b>125.189</b>
<b>Subsidies for investments</b>	<b>10.854</b>	<b>12.677</b>
<b>Total equity, of which:</b>	<b>295.343</b>	<b>252.967</b>
- share capital	48.729	48.729
- retained earnings	58.128	57.524
- reserves	163.376	110.843
- other capital items (deferred income tax recognized on equity)	(11.695)	(7.961)
- profit distributed as legal reserve	(23.015)	(9.338)
- result of the period (profit)	59.820	53.170

## Income and Expense Items

(thousand lei)	30.09.2018	30.09.2017
<b>TOTAL INCOME</b>	<b>273.767</b>	<b>257.249</b>
<b>Operating income, from which:</b>	<b>267.726</b>	<b>253.917</b>
- Turnover	238.159	223.799
- Income related to the inventories of finished goods and production work in progress	26.190	27.034
<b>Financial income</b>	<b>6.041</b>	<b>3.332</b>
<b>Total expenses</b>	<b>208.333</b>	<b>222.591</b>
<b>Operating expenses, from which:</b>	<b>(205.452)</b>	<b>(217.492)</b>
- Material expenses	(92.076)	(92.483)
- Expenses with employees' benefits	(83.766)	(79.930)
- Expenses regarding amortization of assets	(18.708)	(17.587)
- Adjustments regarding current assets	(6.808)	(11.870)
- Adjustments regarding provisions	16.767	6.944
- Expenses regarding external services	(18.648)	(20.694)
- Other expenses	(2.213)	(1.872)
<b>Financial Expenses</b>	<b>(2.881)</b>	<b>(5.099)</b>
<b>Operating profit</b>	<b>62.274</b>	<b>36.425</b>
<b>Financial Profit / Loss</b>	<b>3.160</b>	<b>(1.767)</b>
<b>PROFIT BEFORE TAX</b>	<b>65.434</b>	<b>34.658</b>
<b>TAX ON CURRENT AND DEFERRED PROFIT</b>	<b>(5.614)</b>	<b>(7.674)</b>
<b>NET PROFIT OF THE PERIOD</b>	<b>59.820</b>	<b>26.984</b>

### **Aspects regarding the company capital and administration**

**There were no modifications which affect the equity and the administration of the company.**

**The company was not in the impossibility to respect its financial obligations during the period.**

There are no modifications regarding the rights of the shareholders. There were no major transactions completed by the company with the persons with whom the company is operating in a concerted manner or in which these persons were involved during the relevant period.

**On behalf of the Board of Directors,**

**Grigore FILIP**

**President – General Director**