

REPORT

The Board of Administration, met on 09.12.2014, analyzed the situation of the own capitals of Armatura S.A. and it observed that during 2013-2014, these have decreased below the minimum provided by law, which means below 50% of the social capital value. At the date of analysis, these capitals had a negative value.

Examining the preliminary situations from October 2014 and compared to the financial statements of the first semester of 2014 and 2013 as well, it can be noted that the own capitals of Armatura S.A. have a negative value, which results to the obligation of making decisions regarding the completion of this capital.

Taking into account that the Extraordinary General Assembly of the Shareholders from 29.04.2014 rejected the proposal of the Board of Administration to dissolve and liquidate the company, the best option for the company as well as for the company's shareholders would be to decrease and at the same time increase the social capital of the company.

In these conditions, the Board of Administration orders the convocation of the General Assembly in order to decide regarding the application of provisions no. 153²⁴ correlated with provisions no. 10 par. 2 of Law no. 31/1990 republished with all subsequent amendments concerning the dissolution of the company or decreasing the social capital.

The Board of Administration proposes the General Assembly to approve decreasing the social capital of the company to the value of 400.000 lei by reducing the number of the shares of every shareholder from 10 shares to 1 (one) share due to the losses of the company which resulted from the current activity of the company on the last 5 years, having in mind the diminishing of the net assets of the company.

At the same time, it will take place an increase of the social capital of the company to the value of 4.000.000 lei by emitting a number of 36.000.000 shares to the nominal value of 0,1 lei/share. The shares can be subscribed only by exercising the right of preference by the shareholders who are registered in the Shareholders' Register at the registration date and the subscription and payment of the shares will be done not later than the expiration period for exercising the right of preference. The increase of the social capital will be achieved without an emission tax and the shares will be subscribed and paid-in at the nominal value of 0,1 lei/share.

The increase of the social capital will be fulfilled in two steps, when exercising the right of preference.

The first step would be that the shareholders can subscribe shares at a ratio of 1 to 1 which means that for one owned share, they can subscribe one share in a period of 30 days which will be established in the shares prospectus.

In the second step, the shares that were not subscribed during the period of time set for exercising the right of preference in the first step will be redistributed to the registered shareholders at the registration date of 27.02.2015, after the method of "*first come, first served*" and the shares can be subscribed in an interval of 5 days after the expiry of the first step of subscription, in accordance with the provisions of the shares prospectus. When depositing the subscription request, the shareholders are obliged to prove the payment of the subscribed shares for the second step.

The issued shares that were not subscribed in the second step will be annulled.

Following these above suggested amendments, in case of subscribing all issued shares, the Articles of Incorporation of the company will not suffer any changes, considering that the subscribed social capital of the company will be 4.000.000 lei, fully paid, divided in 40.000.000 shares at the nominal value of 0,1 lei, the same as the former value.