TMK-ARTROM S.A.

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EUID: ROONRC.J28/9/1991; J28/9/31.01.1991
VAT No. RO 1510210/1992
Subscribed and Paid Share Capital: 291.587.538,34 lei

№ 102/389 from 10.11.2017

# Stand-alone and Consolidated Current Report According to the Law No. 297/2004 regarding capital market, CNVM Regulation No. 1/2006 and BVB Code approved by CNVM Decision, no.2602/14.09.2006

**Report date: 10.11.2017**
**Company's name: TMK- ARTROM S.A. Slatina**
**Localization: Draganesti street, no. 30, Slatina, Olt**
**Phone/fax: +40249436862/ +40249434330**
**Registered at Trade Register: J28/9/1991**
**Unique Registration Code: RO1510210**
**Unique Identifier at European Level (EUID): ROONRC.J28/9/1991**
**LEI code: 315700M25SMOU44FAN52**
**Subscribed capital: 291.587.538,34 RON**
**Subscribed and paid capital: 291.587.538,34 RON**
**Regulated market on which issued securities are traded: Bucharest Stock Exchange Regulated market - Category Standard (market symbol ART)**

**Events to be reported: The finacial statements of third quarter of year 2017.**

a) Changes in leading company: it is not the case
b) Acquisitions or alienations of assets: The Company and the Group are still in the investment process "Heat Treatment Complex", a project in amount of 35.2 million euro with equipment acquisitions from the SMS Group. The first tests will take place in November 2017 and are expected to be commissioned on 31.12.2017. The achieved value of this investment on 30.09.2017 is 134.4 million lei.
c) Bankruptcy proceeding: it is not the case
d) The economic and financial indicators mentioned in 30B Annex from CNVM Regulation 1/2006 obtained at 30.09.2017.

| | | Stand-alone | Consolidated |
|---|---|---|---|
| **Indicators** | **Calculation formula** | **Result** | **Result** |
| **Current liquidity ratio** | **Current assets / Current liabilities** | **1,25** | **1,26** |
| **Indebtness indicator** | **Borrowed capital / Equity *100** | **40,04%** | **39,84%** |
| | **Borrowed capital / Accrued capital *100** | **28,59%** | **28,49%** |

| | | | |
|---|---|---|---|
| | | | |
| **Rotation speed of debtors-clients** | **The average balance – clients / Turnover * 90** | **77** | **76** |
| **Rotation speed of non-current assets** | **Turnover / non-current assets** | **1,27** | **1,28** |

Note:

1) It is offering the guarantee for coverage of the debts from current assets. The recommended value acceptable is about 2.
2) It is expressing the efficacy of the credit risk management, showing the potential problems of financing, liquidity, with influences in respecting the assumed commitments.
3) It is expressing the efficacy of the company in collecting its debts, respective the number of days until the date on which the debtors pay the debts to the company.
4) It is expressing the efficacy of the immobilized assets, by checking the turnover generated by a certain quantity of assets.

**Chief Executive Officer,**
**Eng. Adrian Popescu**

**Chief Economical and Accountancy Officer,**
**Ec. Cristiana Vaduva**

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VAT No. RO 1510210/1992
Subscribed and Paid Share Capital: 291.587.538,34 lei

№ 102/390 from 10.11.2017

## STAND-ALONE AND CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AS AT 30th SEPTEMBER 2017

### Statement of financial position at 30th September 2017

| | Stand-alone | | Consolidated | |
|---|---|---|---|---|
| | 30.09.2017 *RON* | 01.01.2017 *RON* | 30.09.2017 *RON* | 01.01.2017 *RON* |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 4.181.518 | 16.771.796 | 6.661.866 | 18.076.998 |
| Trade and other receivables | 243.988.641 | 213.734.145 | 244.434.029 | 212.585.857 |
| Inventories | 233.966.950 | 158.437.553 | 233.966.950 | 158.437.553 |
| Prepayments | 91.072.778 | 101.740.816 | 91.231.699 | 101.802.916 |
| | **573.209.887** | **490.684.310** | **576.294.544** | **490.903.324** |
| **Non-current assets** | | | | |
| Intangible assets | 2.037.963 | 2.199.489 | 2.046.789 | 2.211.205 |
| Property, plant and equipment | 590.565.501 | 495.204.358 | 590.757.831 | 495.453.535 |
| Financial assets | 678.543 | 1.207.715 | 674.516 | 1.203.688 |
| Other non-current assets | 4.665.630 | 14.145.049 | 4.695.900 | 14.178.469 |
| | **597.947.637** | **512.756.611** | **598.175.036** | **513.046.897** |
| **Total assets** | **1.171.157.524** | **1.003.440.921** | **1.174.469.580** | **1.003.950.221** |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 253.592.339 | 177.652.799 | 253.564.731 | 177.668.537 |
| Advances from customers | 1.640.999 | 2.096.244 | 1.640.999 | 2.096.244 |
| Provisions and accruals | 3.616.058 | 2.899.042 | 4.062.880 | 3.029.112 |
| Interest-bearing loans and borrowings | 197.131.128 | 196.239.070 | 197.131.128 | 196.239.070 |
| Finance lease liability | 388.001 | 168.979 | 388.001 | 168.979 |
| Income tax payable | 1.529.596 | - | 1.621.379 | - |
| **Total current liabilities** | **457.898.121** | **379.056.134** | **458.409.118** | **379.201.942** |
| **Non-current liabilities** | | | | |
| Interest-bearing loans and borrowings | 163.631.534 | 96.877.164 | 163.631.534 | 96.877.164 |
| Finance lease liability | 1.085.733 | 31.096 | 1.085.733 | 31.096 |
| Deferred tax liability | 35.237.949 | 36.445.082 | 35.301.195 | 36.488.399 |
| Provisions and accruals | 227.281 | 227.281 | 227.281 | 227.281 |
| Employee benefits liability | 3.036.921 | 2.909.557 | 3.036.921 | 2.909.557 |
| Other long-term liabilities | 717.143 | 568.414 | 717.143 | 568.414 |
| **Total Non-current liabilities** | **203.936.561** | **137.058.594** | **203.999.807** | **137.101.911** |
| **Total liabilities** | **661.834.682** | **516.114.728** | **662.408.925** | **516.303.853** |
| **EQUITY** | | | | |
| **Capital and reserves** | | | | |
| **Share capital, from which:** | **291.587.538** | **291.587.538** | **291.587.538** | **291.587.538** |
| - Subscribed and paid share capital | 291.587.538 | 291.587.538 | 291.587.538 | 291.587.538 |
| Other items of equity | (840.114) | (840.114) | (840.114) | (840.114) |
| Legal and other reserves | 17.775.480 | 17.775.480 | 17.740.824 | 17.807.460 |
| Retained earnings | 178.803.290 | 177.926.099 | 179.105.043 | 177.926.099 |
| Profit of the year | 21.996.648 | 877.190 | 24.467.364 | 1.165.385 |
| **Total equity** | **509.322.842** | **487.326.193** | **512.060.655** | **487.646.368** |
| **Total liabilities and equity** | **1.171.157.524** | **1.003.440.921** | **1.174.469.580** | **1.003.950.221** |

## Statement of comprehensive income at 30th September 2017

| | Stand-alone | | Consolidated | |
|---|---|---|---|---|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| | *RON* | *RON* | *RON* | *RON* |
| **Turnover** | **756.892.449** | **567.389.529** | **766.900.821** | **568.179.097** |
| Sales of goods | 756.459.628 | 567.075.108 | 762.952.590 | 567.075.108 |
| Rendering of services | 432.821 | 314.421 | 3.948.231 | 1.103.989 |
| Cost of sales | (632.013.633) | (490.024.628) | (638.090.441) | (490.024.628) |
| **Gross profit** | **124.878.816** | **77.364.901** | **128.810.380** | **78.154.469** |
| | | | | |
| Selling and distribution expenses | (65.736.615) | (47.844.555) | (63.619.403) | (47.757.720) |
| Advertising and promotion expenses | (189.927) | (104.798) | (208.685) | (122.998) |
| General and administrative expenses | (26.059.510) | (20.653.380) | (28.205.361) | (21.408.907) |
| Research and development expenses | (90.676) | (89.391) | (90.676) | (89.391) |
| Other operating expenses | (3.145.168) | (3.358.070) | (3.153.269) | (3.358.070) |
| Other operating income | 2.512 | 1.096.115 | 2.512 | 1.096.115 |
| **Income from operations** | **29.659.433** | **6.410.822** | **33.535.498** | **6.513.498** |
| Foreign exchange (loss) / gain, net | 2.522.317 | 4.043.209 | 2.522.317 | 4.043.209 |
| Finance income | 1.232 | 2.663 | 474 | 944 |
| Finance costs | (6.230.975) | (4.151.730) | (6.230.975) | (4.151.730) |
| **Profit before tax** | **25.952.006** | **6.304.964** | **29.827.314** | **6.405.921** |
| Income Tax | (3.955.358) | (1.141.064) | (5.359.950) | (1.160.397) |
| **Profit for the year** | **21.996.648** | **5.163.900** | **24.467.364** | **5.245.524** |
| | | | | |
| **Other comprehensive income - which can be reclassified in profit or loss** | | | | |
| Foreign currency translation | - | - | (53.078) | (17.327) |
| **Other comprehensive income (loss) for the year, net of tax** | **-** | **-** | **(53.078)** | **(17.327)** |
| **Total comprehensive income for the year, net of tax** | **21.996.648** | **5.163.900** | **24.414.286** | **5.228.197** |
| | | | | |
| Average number of shares | 116.170.334 | 116.170.334 | 116.170.334 | 116.170.334 |
| **Earnings per share** | **0,19** | **0,04** | **0,21** | **0,05** |

## Stan-alone statement of changes in equity as at 30th September 2017

| Stand-alone | Share capital | Legal reserves | Other reserves | Retained earnings | Other elements of equity - from applying IAS 19 | Total equity |
|---|---|---|---|---|---|---|
| | *RON* | *RON* | *RON* | *RON* | *RON* | *RON* |
| **For year ended as at 30 September 2017** | | | | | | |
| **As at 1 January 2017** | **291.587.538** | **15.184.422** | **2.591.058** | **178.803.289** | **(840.114)** | **487.326.193** |
| Profit of the year | - | - | - | 21.996.648 | - | **21.996.648** |
| Other comprehensive income / (loss) for the year, net of tax | - | - | - | - | - | **-** |
| **Total comprehensive income** | **-** | **-** | **-** | **21.996.648** | **-** | **21.996.648** |
| **As at 30 September 2017** | **291.587.538** | **15.184.422** | **2.591.058** | **200.799.937** | **(840.114)** | **509.322.841** |
| **For year ended as at 30 September 2016** | | | | | | |
| **As at 1 January 2016** | **291.587.538** | **15.122.069** | **2.481.407** | **178.098.103** | **(1.102.272)** | **486.186.845** |
| Profit of the year | - | - | - | 5.163.900 | - | **5.163.900** |
| Other comprehensive income / (loss) for the year, net of tax | - | - | - | - | - | **-** |
| **Total comprehensive income** | **-** | **-** | **-** | **5.163.900** | **-** | **5.163.900** |
| **As at 30 September 2016** | **291.587.538** | **15.122.069** | **2.481.407** | **183.262.003** | **(1.102.272)** | **491.350.745** |

## Consolidated statement of changes in equity as at 30th September 2017

| Consolidated | Share capital | Legal reserves | Foreign currency translation reserve | Other reserves | Retained earnings | Other elements of equity - from applying IAS 19 | Total equity |
|---|---|---|---|---|---|---|---|
| | *RON* | *RON* | *RON* | *RON* | *RON* | *RON* | *RON* |
| **For year ended as at 30 September 2017** | | | | | | | |
| **As at 1 January 2017** | **291.587.538** | **15.184.422** | **31.980** | **2.591.058** | **179.091.485** | **(840.114)** | **487.646.369** |
| Profit of the year | - | - | - | - | 24.467.364 | - | **24.467.364** |
| Other comprehensive income / (loss) for the year, net of tax | - | - | (66.636) | - | 13.558 | - | **(53.078)** |
| **Total comprehensive income** | **-** | **-** | **(66.636)** | **-** | **24.480.922** | **-** | **24.414.286** |
| **As at 30 September 2017** | **291.587.538** | **15.184.422** | **(34.656)** | **2.591.058** | **203.572.407** | **(840.114)** | **512.060.655** |
| **For year ended as at 30 September 2016** | | | | | | | |
| **As at 1 January 2016** | **291.587.538** | **15.122.069** | **-** | **2.481.407** | **178.098.103** | **(1.102.272)** | **486.186.845** |
| Profit of the year | - | - | - | - | 5.245.524 | - | **5.245.524** |
| Other comprehensive income / (loss) for the year, net of tax | - | - | (17.327) | - | - | | **(17.327)** |
| **Total comprehensive income** | **-** | **-** | **(17.327)** | **-** | **5.245.524** | **-** | **5.228.197** |
| **As at 30 September 2016** | **291.587.538** | **15.122.069** | **(17.327)** | **2.481.407** | **183.343.627** | **(1.102.272)** | **491.415.042** |

## Statement of cash flows at 30th September 2017

| Indirect method | Stand-alone | | Consolidated | |
|---|---|---|---|---|
| | 1 January - 30 September 2017 | 1 January - 30 September 2016 | 1 January - 30 September 2017 | 1 January - 30 September 2016 |
| | *RON* | *RON* | *RON* | *RON* |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| **Profit / (Loss) before tax** | **25.952.006** | **6.304.964** | **29.827.314** | **6.405.921** |
| **Plus / minus adjustments for:** | | | | |
| Depreciation | 31.109.474 | 31.207.334 | 31.157.856 | 31.222.770 |
| Increase / (reversal) of provisions | 717.016 | (2.560.242) | 1.042.642 | (2.406.958) |
| Increase / (reversal) of allowances for current assets | (950.566) | 788.697 | (950.566) | 788.697 |
| Exchange rate differences for financing activities | 3.880.342 | (5.770.366) | 3.880.342 | (5.770.366) |
| Variation of retirement benefits | 222.678 | 37.570 | 222.678 | 37.570 |
| Result from disposal of non-current assets | 3.075.318 | 1.661.442 | 3.075.318 | 1.661.442 |
| Interest and related expenses | 5.848.658 | 3.663.119 | 5.849.415 | 3.664.838 |
| Exchange rate differences for cash and cash equivalents | - | - | (10.233) | (16.798) |
| **Plus / minus adjustments for changes in working capital related to operating activities:** | | | | |
| Decrease / (increase) in inventories | (74.781.314) | (24.727.002) | (74.781.314) | (22.785.169) |
| Decrease / (increase) in trade and other receivables and prepayments | (20.794.293) | 24.460.584 | (22.171.119) | 24.342.786 |
| (Decrease) / increase in payables (except banks) | 62.142.596 | 33.594.886 | 62.099.250 | 33.937.344 |
| **less:** | | | | |
| Interest paid | (5.589.708) | (3.725.712) | (5.589.708) | (3.725.712) |
| Income tax paid | (2.007.076) | (421.064) | (3.351.675) | (421.063) |
| **Total inflows / (outflows) from operating activities (a)** | **28.825.131** | **64.514.210** | **30.300.200** | **66.935.302** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Amount received from disposal of non-current assets | (1.144.772) | 16.288 | (1.144.772) | 16.288 |
| Purchase of tangible and intangible assets | (103.848.872) | (37.210.657) | (103.834.367) | (39.408.433) |
| Repayment of given loans | 313.671 | - | - | - |
| Interest received | 1.232 | 2.663 | 474 | 944 |
| **Total inflows / (outflows) from investing activities (b)** | **(104.678.741)** | **(37.191.706)** | **(104.978.665)** | **(39.391.201)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Loans received | 102.624.359 | 23.128.584 | 102.624.359 | 23.128.584 |
| Repayment of loans | (39.110.372) | (51.982.084) | (39.110.372) | (51.982.084) |
| Repayment of finance leases (amortisation) | (250.654) | (145.115) | (250.654) | (145.115) |
| **Total inflows / (outflows) from financing activities (c)** | **63.263.332** | **(28.998.615)** | **63.263.333** | **(28.998.615)** |
| **Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)** | **(12.590.278)** | **(1.676.111)** | **(11.415.132)** | **(1.454.514)** |
| **Cash and cash equivalents at beginning of period** | **16.771.796** | **4.078.542** | **18.076.998** | **4.078.542** |
| **Cash and cash equivalents at end of period** | **4.181.518** | **2.402.431** | **6.661.866** | **2.624.028** |

**Chief Executive Officer,**
**Eng. Adrian Popescu**

**Chief Economical and Accountancy Officer,**
**Ec. Cristiana Vaduva**