

**ELECTROMAGNETICA SA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 - UNAUDITED**

(all amounts are expressed in RON, unless otherwise specified)

|  | <b>DECEMBER 31,<br/>2017</b> | <b>DECEMBER 31,<br/>2016</b> |
|--|------------------------------|------------------------------|
| <b>ASSETS</b>  |                              |                              |
| <b>Non-current assets</b>                                  |                              |                              |
| Property, plant and equipment                              | 286.427.678                  | 292.544.407                  |
| Investment property  | 4.555.912                    | 4.631.885                    |
| Intangible assets  | 1.247.495                    | 1.635.414                    |
| Investments in related entities                            | 3.967.606                    | 3.967.606                    |
| Other long-term non-current assets                         | 20.966.456                   | 16.994.518                   |
| <b>Total non-current assets</b>                            | <b>317.165.145</b>           | <b>319.773.830</b>           |
| <b>Current assets</b>                                      |                              |                              |
| Inventories  | 16.763.968                   | 17.407.304                   |
| Trade receivables  | 39.253.853                   | 33.977.526                   |
| Cash and cash equivalents                                  | 16.362.058                   | 17.822.290                   |
| Other current assets                                       | 2.429.955                    | 3.173.001                    |
| <b>Total current assets</b>                                | <b>74.809.834</b>            | <b>72.380.121</b>            |
| <b>Total assets</b>  | <b>391.974.979</b>           | <b>392.153.952</b>           |
| <b>EQUITY AND LIABILITIES</b>                              |                              |                              |
| <b>Equity</b>  |                              |                              |
| Share capital  | 67.603.870                   | 67.603.870                   |
| Reserves and other equity                                  | 182.561.233                  | 180.407.837                  |
| Retained earnings  | 65.935.278                   | 82.540.235                   |
| <b>Total equity attributable to company's shareholders</b> | <b>316.100.381</b>           | <b>330.551.942</b>           |
| <b>Non-current liabilities</b>                             |                              |                              |
| Trade payables and other liabilities                       | 1.304.836                    | 2.783.769                    |
| Investment subsidies                                       | 4.736.743                    | 4.899.962                    |
| Deferred tax liabilities                                   | 16.088.691                   | 17.242.351                   |
| <b>Total non-current liabilities</b>                       | <b>22.130.270</b>            | <b>24.926.082</b>            |
| <b>Current liabilities</b>                                 |                              |                              |
| Trade payables and other liabilities                       | 39.319.303                   | 34.424.384                   |
| Investment subsidies                                       | 163.219                      | 163.219                      |
| Provisions   | 13.744.272                   | 1.833.135                    |
| Current income tax liabilities                             | 517.533                      | 255.189                      |
| <b>Total current liabilities</b>                           | <b>53.744.327</b>            | <b>36.675.928</b>            |
| <b>Total liabilities</b>                                   | <b>75.874.598</b>            | <b>61.602.009</b>            |
| <b>Total equity and liabilities</b>                        | <b>391.974.979</b>           | <b>392.153.952</b>           |

**Eugen Scheuşan**  
Managing Director

**Cristina Florea**  
Economic Manager

**ELECTROMAGNETICA SA**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2017 - UNAUDITED**  
(all amounts are expressed in RON, unless otherwise specified)

|  | <b>12-month period<br/>ended Dec 31,<br/>2017</b> | <b>12-month period<br/>ended Dec 31,<br/>2016</b> |
|--|---|---|
| <b>Revenues</b>  | <b><u>221.623.299</u></b>                         | <b><u>234.188.009</u></b>                         |
| Investment income  | 344.648   | 4.019.247   |
| Other gains and losses   | (9.754.854)                                       | 4.906.997   |
| Changes in inventories of finished goods<br>and work in progress | 13.407.878  | 15.924.804  |
| Own work capitalized   | 1.617.287   | 1.246.195   |
| Raw materials and consumables used                               | (165.663.451)                                     | (169.435.104)                                     |
| Employee-related expenses  | (33.915.814)                                      | (34.094.959)                                      |
| Expenses related to depreciation and<br>impairment               | (11.235.656)                                      | (16.631.162)                                      |
| Other expenses   | (30.722.228)                                      | (34.250.873)                                      |
| Financial expenses   | (671.488)   | (638.941)   |
| <b>(Loss)/Profit before tax</b>                                  | <b><u>(14.970.379)</u></b>                        | <b><u>5.234.213</u></b>                           |
| Income tax   | (404.023)   | (906.366)   |
| <b>(Loss)/Profit of the period</b>                               | <b><u>(15.374.402)</u></b>                        | <b><u>4.327.847</u></b>                           |

The loss estimated for 2017 was mainly due to the following:

- Even though the EBITDA margin for 2017 was positive and maintained a good level of 4.3%, the high amount of provisions and amortisation led to a negative result.
- A provision of 10 million lei was set up following the announcement made in January 2018 by the Competition Council, regarding the sanctioning of the company for an alleged breach of the Competition Law in the market of manufacturing and marketing of electricity meters and related equipment for the measurement of electricity and in the market of services related to the measurement of electricity, in the period 2010-2012. After the communication of the motivated decision, the company will challenge in court the sanctioning decision, within the legal time limit.
- In the second semester of 2017, the energy supply activity fully recovered the loss recorded in the first semester. We recall that, in the first quarter of 2017, the issues in the energy market led to record levels of purchase prices, resulting in considerable loss for the company. For the same reasons, an obligor client of the company has initiated insolvency proceedings. A provision of 2 million lei has been set up for this debt.
- The production activity has recorded losses due to fluctuating orders and, implicitly, to the decrease in turnover mainly caused by the postponement of tenders for electricity measurement equipment and of tenders for railway traffic safety elements.

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Managing Director

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