

ELECTROMAGNETICA SA
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2017 - UNAUDITED
(all amounts are expressed in RON, unless otherwise specified)

	9-month period ended Sep 30, 2017	9-month period ended Sep 30, 2016
Revenues	149.343.460	172.995.899
Investment income	429.914	346.438
Other net income	4.034.459	3.224.149
Changes in inventories of finished goods and work in progress	7.974.674	9.699.421
Own work capitalized	1.545.501	1.150.461
Raw materials and consumables used	(111.558.920)	(124.224.878)
Employee-related expenses	(25.310.646)	(24.042.085)
Expenses related to depreciation and impairment	(10.921.463)	(7.378.956)
Other expenses	(21.719.258)	(25.954.282)
Financial expenses	(499.868)	(473.000)
(Loss)/Profit before tax	(6.682.147)	5.343.167
Income tax	(135.440)	97.384
(Loss)/Profit of the period	(6.817.587)	5.440.551

Eugen Scheuşan
Managing Director

Ilie Frăsineanu
Economic Manager

ELECTROMAGNETICA SA
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017 - UNAUDITED

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

	SEPTEMBER 30, 2017	December 31, 2016
ASSETS		
Non-current assets		
Property, plant and equipment	288.605.423	292.544.407
Investment property	4.631.885	4.631.885
Intangible assets	1.347.909	1.635.414
Investments in related entities	3.967.606	3.967.606
Other long-term non-current assets	17.727.311	16.994.518
Total non-current assets	316.280.134	319.773.830
Current assets		
Inventories	14.904.366	17.407.304
Trade receivables	34.299.206	33.977.526
Cash and cash equivalents	12.923.570	17.822.290
Other current assets	1.341.968	3.173.001
Current tax assets	94.811	-
Total current assets	63.563.920	72.380.121
Total assets	379.844.054	392.153.952
EQUITY AND LIABILITIES		
Equity		
Share capital	67.603.870	67.603.870
Reserves and other equity	183.185.414	180.407.837
Retained earnings	73.749.598	82.540.235
Total equity attributable to company's shareholders	324.538.882	330.551.942
Non-current liabilities		
Trade payables and other liabilities	1.613.231	2.783.769
Investment subsidies	4.777.548	4.899.962
Deferred tax liabilities	16.550.766	17.242.351
Total non-current liabilities	22.941.545	24.926.082
Current liabilities		
Trade payables and other liabilities	30.295.525	34.424.384
Investment subsidies	163.219	163.219
Provisions	1.904.883	1.833.135
Current income tax liabilities	-	255.189
Total current liabilities	32.363.627	36.675.928
Total liabilities	55.305.172	61.602.009
Total equity and liabilities	379.844.054	392.153.952

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**ELECTROMAGNETICA SA
EXPLANATORY NOTES
AT 30 SEPTEMBER 2017**

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

SEPARATE STATEMENT OF PROFIT OR LOSS

The company is recovering losses, particularly during the third quarter it has recovered 22% of the loss registered in the first half of the year. More importantly, the company reports 2% EBITDA operating profit.

The electricity supply business has recovered 37.5% of the loss registered in the first half of 2017. Note that the main reasons for that loss were the energy market problems in the first quarter of 2017, when purchase prices reached record levels and a debtor customer of the company became insolvent.

For the production business, the main cause of the loss was the decrease of its turnover due to the delay of several public tenders for electric energy consumption measuring equipment.

SEPARATE STATEMENT OF FINANCIAL POSITION

The value of the **Non-current assets** of the company is almost equal to the value reported at the end of 2016.

The **Current assets** have decreased by 12% as compared to the beginning of this year. Stocks diminished by 14% during the reporting period, as compared to the beginning of the year, which was due to the decrease of the stock of raw and auxiliary materials and also to the lack of production for certain business lines as a result of several delayed tenders.

The commercial receivables registered a slight increase of 1% as compared to the beginning of the year.

Cash and cash equivalents have decreased by 27.5% as compared to the beginning of 2017. However, the situation has improved in the third quarter in comparison with the end of the first semester, as a result of collecting several outstanding receivables.

The **Equity** has diminished by 1.8% as a consequence of the loss registered for the reporting period.

The **Current liabilities** decreased by 12% due to the reduced purchase of stocks of raw materials and other materials but we estimate that they will increase during the fourth quarter of the year.

Economic and financial indicators

Indicators	Calculation formulas	Value
Current ratio ¹	Current assets/Current liabilities	1.96
Debt to asset ratio ²		
a.	Debt capital/Equity X 100	-
b.	Debt capital/Committed capital X 100	-
DSO ³	Average client balance/Turnover X 270	58.9
Assets turnover ratio ⁴	Turnover/Non-current assets	0.48

Note:

1. The **Current ratio** guarantees the coverage of the current debt from the current assets.
2. **Debt ratio** expresses the effectiveness of the credit risk management, indicating potential financing, liquidity problems which may affect the compliance with commitments made.

Debt capital = Credits over 1 year

Committed capital = Debt capital + Equity

3. **Receivables turnover** expresses the effectiveness of the company in receivables collection, respectively the number of days until the debtors pay their debt to the company.
4. **Assets turnover ratio** expresses the effectiveness of non-current asset management, analyzing the turnover generated by a certain quantity of non-current assets.

Eugen Scheuşan
General Manager

Ilie Frăsineanu
Economic Manager