

**REPORT FOR SEMESTER I 2018,  
ACCORDING TO C.N.V.M. REGULATION NO.5/2018**

**Date of the report: 16.08.2018**

**S.C. ARTEGO S.A TG-JIU**

**Headquarter: Ciocarlau Street, no. 38, Tg-Jiu**

**Telephone: 0253/226066, fax: 0253/226066**

**Unique registration code at the Trade Registry Office:2157428**

**Registration no. at ORC: J 18/1120/1991**

**Subscribed and paid-up share capital: 22.390.413 lei**

**The regulated market on which the issued securities are traded: BVB  
Bucharest**

**ECONOMIC AND FINANCIAL SITUATION  
1.a. ANALYSIS BASED ON BALANCE ELEMENTS**

Name of indicators	<u><b>31.12.2017</b></u>	<u><b>30.06.2018</b></u>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>49.483.635</b>	<b>47.786.540</b>
<i>Tangible assets</i>	36.619.156	35.152.308
<i>Intangible assets</i>	12.864.479	12.634.232
<i>Financial assets</i>		
<b>Current assets</b>	<b>81.755.630</b>	<b>80.976.041</b>
<i>Stocks</i>	46.697.480	42.700.014
<i>Commercial receivables</i>	24.428.173	32.711.104
<i>Financial assets of which available for sale</i>	14.397	14.397
<i>Cash and cash equivalents</i>	6.294.132	5.292.565
<i>Prepayments</i>	321.448	254.961
<b>TOTAL ASSETS</b>	<b>131.239.265</b>	<b>128.759.581</b>
<b>OWN CAPITAL AND LIABILITIES</b>		
<b>Own capitals</b>		

<i>Subscribed and paid-up share capital</i>	24.873.443	22.390.413
<i>Other equity items</i>	936.592	907.896
<i>Reserves from reevaluation</i>	29.250.789	28.956.295
<i>Legal reserves</i>	4.974.689	4.974.689
<i>Other reserves</i>	16.492.991	14.386.153
<i>Own actions</i>	-6.952.949	-
<i>Social Capital Adjustment</i>	89.052.449	89.052.449
<i>Reported result ( without IAS 29)</i>	1.198.729	1.493.223
<i>Reported result (with IAS 29)</i>	-89.052.449	-89.052.449
<i>Current profit</i>	6.134.163	2.706.573
<i>Profit Distribution</i>		
<b>Total own capitals</b>	<b>76.908.447</b>	<b>75.815.242</b>
<b>Long-term debt</b>		
<i>Investment grants</i>	310.594	140.346
<i>Other long-term debts</i>	7.639	7.656
<i>Long-term provisions</i>		
<b>Total long-term debts</b>	<b>318.233</b>	<b>148.002</b>
<b>Current debts</b>		
<i>Investment grants</i>	354.727	346.225
<i>Commercial and other debts</i>	6.818.434	10.990.201
<i>Short-term loans</i>	41.956.398	35.938.913
<i>Tax and current tax liabilities</i>	4.883.026	5.520.998
<i>Short-term provisions</i>		
<b>Total current debts</b>	<b>54.012.585</b>	<b>52.796.337</b>
<b>Total debts</b>	<b>54.330.818</b>	<b>52.944.339</b>
<b>TOTAL PASSIVE</b>	<b>131.239.265</b>	<b>128.759.581</b>

*The decrease in the net value of tangible assets is due to the depreciation of the existing fixed assets.*

*A detailed comparative situation of the company's debts is presented in the following way:*

<b>Elements</b>	<b>30 june2017</b>	<b>30 june 2018</b>
<b>1. State budget</b>	<b>565.211</b>	<b>648.258</b>
- tax on profit	152.893	180.988
- tax on dividends	118.653	169.501
- tax on salaries	293.665	224.736
- the insurance contribution for work	-	73.033
- VAT on payment	-	-
- increases	-	-
- penalties	-	-
<b>2. Special fund budgets</b>	<b>226.556</b>	<b>365.907</b>
- CASS	226.528	323.772
- average fund	28	31
- solidarity fund for people with disabilities	-	42.104

- increases	-	-
- penalties	-	-
<b>3. Social security budgets</b>	<b>593.576</b>	<b>812.960</b>
- CAS	565.187	812.960
- 0,5% unemployment	9.717	-
- 0,75% unemployment	14.337	-
- 0,214% accidents fund	4.335	-
- increases	-	-
- penalties	-	-
<b>4. Other taxes, fees, payments</b>	<b>118.653</b>	<b>169.501</b>

**1.b. PROFIT AND LOSS ACCOUNT**  
**at 30 june 2018**

- lei-

<b>Crt. No.</b>	<b>NAME OF INDICATORS</b>	<b>30.06.2017</b>	<b>30.06.2018</b>
1.	Net turnover of which	62.882.290	74.545.105
	Revenues from the sold production	61.676.681	73.042.735
	Revenues from the sale of goods	1.288.827	1.708.405
	Commercial discounts granted	(83.218)	(206.035)
2.	Revenues from stored production	12.599.025	3.776.699
3.	Revenues from the production of fixed assets	541.562	70.102
4.	Revenues from fixed assets intended for sale	192.951	944.319
5.	Revenues from operating grants	225	-
6.	Other revenues from exploitation	654.463	726.317
I.	<b>REVENUES FROM EXPLOITATION</b>	<b>76.870.516</b>	<b>80.062.542</b>
7.	Expenditures on goods	1.128.822	1.526.718
8.	Material expenditures	48.698.784	47.635.611
9.	Expenditures on works and services performed by third parties	2.292.385	2.490.198
10.	Expenses with taxes and fees	585.073	806.591
11.	Staff costs	16.716.623	19.739.343
12.	Other expenses with exploitation	1.040.966	1.252.555
13.	Expenses with depreciation and provisions	2.355.534	2.420.643
II.	<b>EXPENSES FOR EXPLOITATION</b>	<b>72.818.187</b>	<b>75.871.659</b>
A.	<b>RESULT FROM EXPLOITATION</b>		
	- PROFIT	4.052.329	4.190.883
	- LOSS		
III.	<b>FINANCIAL REVENUES</b>	<b>499.456</b>	<b>165.647</b>
IV.	<b>FINANCIAL EXPENSES</b>	<b>1.047.776</b>	<b>1.166.558</b>
B.	<b>FINANCIAL RESULT</b>	<b>(548.320)</b>	<b>(1.000.911)</b>
V.	<b>EXCEPTIONAL REVENUES</b>		
VI.	<b>EXCEPTIONAL EXPENSES</b>		
C.	<b>EXCEPTIONAL RESULT (LOSS)</b>		
VII.	<b>TOTAL REVENUES</b>	<b>77.369.972</b>	<b>80.228.189</b>

VIII	TOTAL EXPENSES	73.865.963	77.038.217
D.	GROSS RESULT		
	- PROFIT	3.504.009	3.189.972
	- LOSS		
	TAX	529.233	512.095
E	REVENUES FROM BENEFIT FROM PROFIT	29.456	28.696
F.	NET RESULT		
	- PROFIT	3.004.232	2.706.573
	- LOSS		
G.	Number of shares	9.949.377	8.956.165
H.	Output per share	0,302	0,302

### ***The economic, financial and market activity of SC ARTEGO***

*The absence of the possibility to achieve coherent and correct predictions led to the maintenance of the volatility of the Romanian business climate, the main trade organizations in the steel, oil and energy sectors continuing to focus on the reduction of costs and implicitly the carrying out of acquisition activities characterized by the pursuit of the lowest acquisition prices.*

*Under these conditions, the stages of renegotiating of the commercial contracts with some companies in the above-mentioned fields were difficult and lasted much longer than the initial estimated time, which put their mark on the decrease of the volume of orders for the specific products and implicitly on the level of sales.*

*The late approval of the budgets for 2018 for economic operators in the mining and energy sectors, postponing the launch of public procurement procedures, diminishing the funds allocated to these acquisitions, all led to a reduction in the possibility of obtaining a large volume of orders and sales level that would have been the result of winning auctions.*

*At the same time, the unfair competition encountered in some auctions led either to an increase in the duration of the contract award, with the time needed to resolve the contestations, or to the loss of the auctions, as contracting authorities continued to opt for the award criterion "the lowest price", which led to the passage of qualitative aspects on a second plan. This aspect of price as the only award criterion produces both favoring the presence on the market of products of a qualitatively doubtful level, as well as diminishing the market share of the company on the related niches.*

*On the other hand, in the field of electricity distribution, for the acquisition of specific products, a number of additional criteria can be found in the awarding documentation for the legal conditions fulfilled, regarding the component of the eligibility and / or qualification documents (environment, health and occupational safety, etc.), the specific and differentiated technical conditions of the products, the required delivery terms, the ways of making the imposed payments, ultimately representing barriers that lead to the impossibility of participation and ultimately the decrease of sales potential to these organizations.*

*In other train of thoughts, the economic turbulences adversely affects the possibilities of payments by customers, as there are large delays in the collection of the money corresponding to the deliveries, which leads to the negative impact of the cash flows and the possibilities of making payments in time to the suppliers.*

*For the next period, the evolution on the market will be influenced by the impact that the measures that will be taken starting from July 2018 at the macroeconomic level (rising prices for natural gas, the evolution of the fuel price, the evolution of the leu / euro exchange rate,*

*the unfolding and/or the finish of the privatization processes in the fields of rail, air transport, the expected organizational developments in the energy field, insolvency status of some energy and petrochemical organizations) will have on the dynamics of acquisitions, investments, upgrades and maintenance.*

*Therefore, taking into account all these aspects, if the general evolution of the Romanian economy is to be relatively stable, it is possible to maintain, in the short and medium term, the existing situation in terms of sales level and productive activity, continuing on the other hand to make efforts to ensure cash flows that allow debts to be paid to employees, state and suppliers. At the same time, it will act to identify all the available means of decreasing the income and expense difference as much as possible and for an appropriate response to the influence of all these factors that have a potential impact on the evolution on market and on the performances of SC ARTEGO SA.*

***We mentione that the financial statements prepared on 30.06.2018 have not been audited / revised.***

## SITUATION OF TREASURY FLOWS

at 30 june 2018

- lei -

INDICATORS LEI (RON)	ACCOMPLI SHED 2017	ACCOMPLI SHED 30.06.2018
<b>A. LIQUIDITY AT THE BEGINNING OF THE PERIOD</b>	<b>6.106.780</b>	<b>6.294.132</b>
In accounts	6.010.229	6.061.228
Cash	4.864	1.656
Other Values	90.017	231.248
Treasury advances	-	-
Values to receive	1.670	-
<b>Encashments from the exploitation activity</b>	<b>206.905.915</b>	<b>79.595.967</b>
Customer encashments	161.420.842	76.749.965
Other encashments	45.485.073	2.846.002
<b>PAYMENT FOR THE EXPLOITATION ACTIVITY</b>	<b>204.365.493</b>	<b>79.102.788</b>
Provider payments	154.046.722	46.679.056
Payments for staff	25.389.742	17.239.588
Payments on taxes and fees	16.217.247	7.912.218

Tax / Advantage	1.288.968	719.095
Interest payments	1.073.181	788.070
Other payments	6.349.633	5.764.761
<b>CASH FLOW FROM THE EXPLOITATION ACTIVITY</b>	<b>2.540.422</b>	<b>493.179</b>
<b>PROCEEDS FROM THE INVESTMENTS ACTIVITY</b>	668.647	394.960
Proceeds from the sale of land, fixed assets and intangible assets	668.647	394.960
Proceeds from the sale of equity instruments and receivables from other enterprises	-	-
Proceeds from repayment of advances and loans to other parties	-	-
<b>PAYMENT FROM THE INVESTMENTS ACTIVITY</b>	3.021.717	1.889.706
Payments for the acquisition of land, fixed assets and intangible assets	3.021.717	1.889.706
Proceeds for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
<b>CASH FLOW FROM THE INVESTMENT ACTIVITY</b>	<b>-2.353.070</b>	<b>-1.494.746</b>
<b>PROCEEDS FROM THE FINANCING ACTIVITY</b>	-	-
<b>PAYMENTS FOR THE FINANCING ACTIVITY</b>	-	-
<b>CASH FLOW FROM THE FINANCING ACTIVITY</b>	-	-
<b>CASH FLOW - TOTAL</b>	<b>187.352</b>	<b>-1.001.567</b>
<b>B. LIQUIDITIES AT THE END OF THE PERIOD</b>	<b>6.294.132</b>	<b>5.292.565</b>
In accounts	6.061.228	5.018.246
Cash	1.656	1.765
Other Values	231.248	256.945
Treasury advances	-	15.609
Values to receive	-	-

## 2. ANALYSIS OF THE SOCIETY'S ACTIVITY

### 2.1. *Liquidity indicators*

- % -

Crt. No.	Name of indicators	Calculation formula	30.06.2017	30.06.2018
1.	Current patrimonial liquidity	[Current assets /DTS]	1,52	1,54
2.	Active (fast) liquidity	[Current assets.-Stocks]/DTS	69,05%	72,48%
3.	Speed of rotation fixed assets	Turnover /Intangible assets	1,24	1,56
4.	Speed of rotation of total assets	Turnover / total assets	0,48	0,58
5.	Interest rate cover indicator	Profit before payment of interest and profit tax / Expenses with interests	8,26	5,05
6.	Profitability of the Committed capital	Profit before interest and profit tax / Committed capital	0,0508	0,0524
7.	Gross margin from sales	Gross profit from sales / Turnover	6,44%	5,62%

### 2.2 *Capital expenditures*

*Due to the economic situation, both at the company level and at macroeconomic level, the investments in the analyzed period stagnated, the cash outflow being destined for the payment of the debts accumulated in the previous period.*

2.3. The structure of earnings from basic activity is presented below:

### **Revenues from exploitation**

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Elements	30 june 2017	30 june 2018
Sold production	61.676.681	73.042.735
Revenues from sale of goods	1.288.827	1.708.405
Granted commercial discounts	(83.218)	(206.035)
Revenues related to the cost of product stocks	12.599.025	3.776.699
Revenues from the production of	541.562	70.102

fixed assets		
Revenues from fixed assets for sale	192.951	944.319
Revenues from exploitation grants	225	-
Other revenues from exploitation	654.463	726.317
<b>Total revenues from exploitation</b>	<b>76.870.516</b>	<b>80.062.542</b>

*In the next period, in the short and medium term, considering the difficulty of predicting the evolution of the Romanian economy, but also counting on its possible stability, it can be estimated for S.C. ARTEGO SA. a constant trend of the existing situation as a productive activity and sales level.*

### **3. CHANGES AFFECTING SOCIAL CAPITAL AND COMMERCIAL BUSINESS ADMINISTRATION**

*3.1. During the analyzed period, there were no cases in which the company could not honor its obligations to third parties, even if in some situations the payments were made late.*

*3.2. No changes were made to the rights of the holders of securities issued by the company during the analyzed period. Thus, on 30 June 2018 the structure of the shareholders is as follows:*

<b>Shareholders</b>	<b>Nominal value per share</b>	<b>Number of shares held</b>	<b>Total value</b>	<b>% of the social capital</b>
<b>ASSOCIATION OF THE EMPLOYEES PAS ARTEGO</b>	2,50	6.968.820	17.422.050,00	77,8103%
<b>Individual shareholders</b>	2,50	854.677	2.136.693,00	9,5429%
<b>Other legal entities</b>	2,50	1.132.666	2.831.665,00	12,6468%
<b>THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</b>	2,50	2	5,00	0,000%
<b>TOTAL</b>	<b>2,50</b>	<b>8.956.165</b>	<b>22.390.413,00</b>	<b>100,000%</b>

(Amounts are expressed in RON unless otherwise stated)

Name of indicators	<u>31/12/2017</u>	<u>30/06/2018</u>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>49,483,635</b>	<b>47,786,540</b>
<i>Tangible assets</i>	36,619,156	35,152,308
<i>Intangible assets</i>	12,864,479	12,634,232
<i>Financial assets</i>		
<b>Current assets</b>	<b>81,755,630</b>	<b>80,973,041</b>
<i>Stocks</i>	46,697,480	42,700,014
<i>Commercial receivables</i>	28,428,173	32,711,104
<i>Financial assets of which</i>	14,397	14,397
<i>available for sale</i>	14,397	14,397
<i>Cash and cash equivalents</i>	6,294,132	5,292,565
<i>Prepayments</i>	321,448	254,961
<b>TOTAL ASSETS</b>	<b>131,239,265</b>	<b>128,759,581</b>
<b>OWN CAPITAL AND LIABILITIES</b>		
<b>Own capitals</b>		
<i>Subscribed and paid-up share capital</i>	24,873,443	22,390,413
<i>Other equity items</i>	936,592	907,896
<i>Reserves from reevaluation</i>	29,250,789	28,956,295
<i>Legal reserves</i>	4,974,689	4,974,689
<i>Other reserves</i>	16,492,991	14,386,153
<i>Own actions</i>	-6,952,949	-
<i>Social Capital Adjustment</i>	89,052,449	89,052,449
<i>Reported result ( without IAS 29)</i>	1,198,729	1,493,223
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	6,134,163	2,706,573
<i>Profit Distribution</i>		
<b>Total own capitals</b>	<b>76,908,447</b>	<b>75,815,242</b>
<b>Long-term debt</b>		
<i>Investment grants</i>	310,594	140,346
<i>Other long-term debts</i>	7,639	7,656
<i>Long-term provisions</i>		
<b>Total long-term debts</b>	<b>318,233</b>	<b>148,002</b>
<b>Current debts</b>		
<i>Investment grants</i>	354,727	346,225
<i>Commercial and other debts</i>	6,818,434	10,990,201
<i>Short-term loans</i>	41,956,398	35,938,913
<i>Tax and current tax liabilities</i>	4,883,026	5,520,998
<i>Short-term provisions</i>		
<b>Total current debts</b>	<b>54,012,585</b>	<b>52,796,337</b>
<b>Total debts</b>	<b>54,330,818</b>	<b>52,944,339</b>
<b>TOTAL OWN CAPITALS AND DEBTS</b>	<b>131,239,265</b>	<b>128,759,581</b>

**SITUATION OF THE GLOBAL RESULT  
at 30 june 2018**

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2017	30.06.2018
1.	Net turnover of which	62.882.290	74.545.105
	Revenues from the sold production	61.676.681	73.042.735
	Revenues from the sale of goods	1.288.827	1.708.405
	Commercial discounts granted	83.218	206.035
2.	Revenues from stored production	12.599.025	3.776.699
3.	Revenues from the production of fixed assets	541.562	70.102
4.	Revenues from fixed assets intended for sale	192.951	944.319
5	Revenues from operating grants	225	-
6.	Other revenues from exploitation	654.463	726.317
I.	<b>REVENUES FROM EXPLOITATION</b>	76.870.516	80.062.542
7.	Expenditures on goods	1.128.822	1.526.718
8.	Material expenditures	48.698.784	47.635.611
9.	Expenditures on works and services performed by third parties	2.292.385	2.490.198
10.	Expenses with taxes and fees	585.073	806.591
11.	Staff costs	16.716.623	19.739.343
12.	Other expenses with exploitation	1.040.966	1.252.555
13.	Expenses with depreciation and provisions	2.355.534	2.420.643
II.	<b>EXPENSES FOR EXPLOITATION</b>	72.818.187	75.871.659
A.	<b>RESULT FROM EXPLOITATION</b>		
	- PROFIT	4.052.329	4.190.883
	- LOSS		
III.	<b>FINANCIAL REVENUES</b>	499.456	165.647
IV.	<b>FINANCIAL EXPENSES</b>	1.047.776	1.166.558
B.	<b>FINANCIAL RESULT</b>	(548.320)	(1.000.911)
V.	<b>EXCEPTIONAL REVENUES</b>		
VI.	<b>EXCEPTIONAL EXPENSES</b>		
C.	<b>EXCEPTIONAL RESULT (LOSS)</b>		
VII.	<b>TOTAL REVENUES</b>	77.369.972	80.228.189
VIII	<b>TOTAL EXPENSES</b>	73.865.963	77.038.217
D.	<b>GROSS RESULT</b>		
	- PROFIT	3.504.009	3.189.972
	- LOSS		
	TAX	529.233	512.095
E	<b>REVENUES FROM BENEFIT FROM PROFIT</b>	29.456	28.696
F.	<b>NET RESULT</b>		
	- PROFIT	3.004.232	2.706.573
	- LOSS		
G.	Number of shares	9.949.377	8.956.165
H.	Output per share	0,302	0,302

## Individual Financial Statements

The statement of changes in equity for the year ended at 31 DECEMBER 2017 and 30 june 2018

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

	Social capital	Social capital adjustments	Profit or Loss	Legal reserve	Revaluation reserve	Other reserves	Reported result	Result IAS29	Losses related to equity instruments	Other elements of own capital	Own actions	TOTAL
Balance at 01 january 2017	24,873,443	89,052,449	5,149,820	4,974,689	29,285,945	10,041,455	5,607,302	-89,052,449	0	995,481	-1,515	80,926,620
Global result of the period												
The profit of the exercise			6,134,163									6,134,163
Other elements of the global result of which:												
Surplus from revaluation of tangible assets												
Decrease of the reserve from revaluation-deferred tax recording					-35,156					-58,889		-94,045
Total other elements of the overall result					-35,156					-58,889		-94,045
Total global result of the period			6,134,163		-35,156					-58,889		6,040,118
Other elements												
Resume of revaluation reserve to retained earnings							35,156					35,156



Resume of revaluation reserve to retained earnings							294,494					294,494
Increase legal reserve												
Other elements			-						4,469,919			0
<b>Total other elements</b>			<b>6,134,163</b>				<b>-2,106,838</b>	<b>3,771,082</b>	<b>4,469,919</b>			<b>294,494</b>
Transactions with shareholders recognized directly in own capital	-2,483,030								-			0
Distribution of dividends							-3,771,082				6,952,949	-3,771,082
<b>Total transactions with owners</b>	<b>-2,483,030</b>						<b>-3,771,082</b>		<b>4,469,919</b>		<b>6,952,949</b>	<b>-3,771,082</b>
<b>Balance at 30 june 2018</b>	<b>22,390,413</b>	<b>89,052,449</b>	<b>2,706,573</b>	<b>4,974,689</b>	<b>28,956,295</b>	<b>14,386,153</b>	<b>1,493,223</b>	<b>-89,052,449</b>	<b>0</b>	<b>907,896</b>	<b>0</b>	<b>75,815,242</b>

## SITUATION OF TREASURY FLOWS AT 30 june 2018

INDICATORS LEI (RON)	ACCOMPLI SHED 2017	ACCOMPLI SHED 30.06.2018
<b>A. LIQUIDITY AT THE BEGINNING OF THE PERIOD</b>	<b>6.106.780</b>	<b>6.294.132</b>
In accounts	6.010.229	6.061.228
Cash	4.864	1.656
Other Values	90.017	231.248
Treasury advances	-	-
Values to receive	1.670	-
<b>Encashments from the exploitation activity</b>	<b>206.905.915</b>	<b>79.595.967</b>
Customer encashments	161.420.842	76.749.965
Other encashments	45.485.073	2.846.002
<b>PAYMENT FOR THE EXPLOITATION ACTIVITY</b>	<b>204.365.493</b>	<b>79.102.788</b>
Provider payments	154.046.722	46.679.056
Payments for staff	25.389.742	17.239.588
Payments on taxes and fees	16.217.247	7.912.218
Tax / Advantage	1.288.968	719.095
Interest payments	1.073.181	788.070
Other payments	6.349.633	5.764.761
<b>CASH FLOW FROM THE EXPLOITATION ACTIVITY</b>	<b>2.540.422</b>	<b>493.179</b>
<b>PROCEEDS FROM THE INVESTMENTS ACTIVITY</b>	668.647	394.960
Proceeds from the sale of land, fixed assets and intangible assets	668.647	394.960
Proceeds from the sale of equity instruments and receivables from other enterprises	-	-
Proceeds from repayment of advances and loans to other parties	-	-

PAYMENT FROM THE INVESTMENTS ACTIVITY	3.021.717	1.889.706
Payments for the acquisition of land, fixed assets and intangible assets	3.021.717	1.889.706
Proceeds for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
<b>CASH FLOW FROM THE INVESTMENT ACTIVITY</b>	<b>-2.353.070</b>	<b>-1.494.746</b>
PROCEEDS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR THE FINANCING ACTIVITY	-	-
<b>CASH FLOW FROM THE FINANCING ACTIVITY</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW - TOTAL</b>	<b>187.352</b>	<b>-1.001.567</b>
<b>B. LIQUIDITIES AT THE END OF THE PERIOD</b>	<b>6.294.132</b>	<b>5.292.565</b>
In accounts	6.061.228	5.018.246
Cash	1.656	1.765
Other Values	231.248	256.945
Treasury advances	-	15.609
Values to receive	-	-

## **Notes to the financial statements**

*For the financial year ended 30 June 2018*

### **1. The reporting entity**

SC ARTEGO SA TG-JIU, (Society) is established in 1991 and operates in Romania in accordance with the provisions of Law 31/1990 on the commercial companies and Law 297/2004 on the capital market.

The company is based in Ciocarlau Street, no. 38 , Tg-Jiu, Gorj county.

According to the statute, the main activity of the company has the CAEN code 2219 - "Manufacture of other rubber products".

The record of the shares and the shareholders is kept under the conditions of the law by the Central Depository.

### **2. Basics of drawing up**

#### **(a) Declaration of conformity**

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with the provisions of OMFP 2844/2016 with subsequent amendments and completions.

The Company applies International Financial Reporting Standards as approved by the European Union at the preparation of the separate financial statements ended 30 June 2018, in accordance with OMF no. 881/2012. This order states that starting with the 2012 financial year, the annual financial statements will be drawn up in accordance with the IFRS, this order being applicable to the companies whose securities are admitted to trading on a regulated market.

The Company's accounting records are maintained in RON in accordance with the Romanian Accounting Regulations ("RCR"). These accounts have been restated to reflect the differences between RCR and IFRS accounts. Accordingly, RCR accounts were adjusted, if necessary, to harmonize these separate financial statements in all material respects , with IFRS.

#### **(b ) Presentation of the financial statements**

The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements".

**(c) The basics of evaluation**

The separate financial statements are carried at historical cost, except for certain classes of property, plant and equipment that are revalued.

The share capital is adjusted according to the International Accounting Standard ("SIC") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003.

The management believes that the Company will operate in the predictable future and, in the long run, the application of the business continuity principle in the preparation of the financial statements is considered appropriate. The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements". The Company has adopted a liquidity-based presentation in the balance sheet and a presentation of income and expenses by nature in the profit and loss account, considering that these disclosures provide informations that is more credible and relevant than those that would be presented.

**(d) Functional and presentation currency**

The company's management considers that the functional currency, as defined by IAS 21 "Effects of Foreign Exchange Rates", is LEI or RON. The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the company's management chosed as the presentation currency.

**(e) Using estimates and judgments**

The preparation of the financial statements in accordance with IFRS adopted by the European Union involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as on other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments relating to the carrying amounts of assets and liabilities that can not be obtained from other sources of informations. The obtained results may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. The revisions of the accounting estimates are recognized in the period in which the estimate is reviewed if the review affects only that period or the period in which the estimate is reviewed and the future periods if the review affects both the current period and future periods.

The judgments made by management in the application of IFRS have a material effect on the financial statements and estimates that involve a significant risk.

### **3. Significant accounting policies**

The accounting policies presented below have been applied consistently over all periods presented in these separate financial statements.

#### **(a) Branches and associated entities**

The subsidiaries are entities under the control of the company. The control exists when the company has the power to direct, directly or indirectly, the financial and operating policies of an entity to obtain benefits from its business. The associated entities are those companies in which the company may exert a significant influence, but not control over financial and operational policies.

The company does not have associated companies.

#### **(b) Transactions in foreign currency**

The operations denominated in foreign currency are recorded in RON at the official exchange rate at the settlement date of the transactions. The monetary assets and liabilities recorded in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate on that day. The interests or losses from their settlement and from conversion using the exchange rate at the end of the month or at the end of the financial year, of monetary assets and liabilities denominated in foreign currency are recognized in the income and loss statement.

#### **c) Financial Instruments** **Financial risk management**

The company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk. The company's management focuses on the unpredictability of the financial market and seeks to minimize the potential adverse effects of the company's financial performance. The market risk is the risk that causes changes in market prices as well as currency exchange and interest rate that will affect the company's revenues.

The company has no formal commitments to combat financial risks. Despite the absence of formal commitments, the financial risks are monitored by the company's management, focusing on the society's needs to effectively address opportunities and threats.

### **Interest rate risk**

The company's operating cash flows are affected by interest of the rate fluctuations, mainly due to the borrowing in foreign currency contacted by the financing banks.

The cash risk of the interest rate is the risk that the interest, and hence the expense, fluctuates.

### **Currency risk**

The company may be exposed to the exchange rate fluctuations through cash and cash equivalents, trade receivables or trade payables denominated in foreign currency.

The currency used on the domestic market is the Romanian leu. The company is exposed to foreign currency cash and cash equivalents, purchases and borrowings made in a currency other than that used on the domestic market. The currencies that expose the company to this risk are mainly EUR, USD, and GBP. The foreign currency loans are subsequently denominated in RON, at the exchange rate of the banking day of each month, communicated by the National Bank of Romania. The resulting differences are included in the income and loss statement.

### **The credit risk**

The credit risk is the risk that the company will incur a financial loss as a result of non-fulfillment of the contractual obligations by a client or a counterparty to a financial instrument, and this risk arises mainly from trade receivables and cash and cash equivalents.

On 30 June 2017, the company holds cash and cash equivalents in the amount of 5.292.565 lei. The cash and cash equivalents are held at banks including: Unicredit, Intesa, ING Bank, Credit Europe, Garanti, BRD.

### **The liquidity risk**

The liquidity risk is the risk that the company encounters difficulties in meeting the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, availability of funding through appropriate credit facilities. The company's liquidity policy is to maintain sufficient liquidity to meet its obligations as they reach maturity.

### **The fair value of financial instruments**

The fair value is the amount at which the financial instrument may change in ordinary transactions other than those determined by liquidation or forced sale. The fair values are obtained from quoted market prices or cash flow models as appropriate. On 30 June 2018, the cash and other cash, the customers and the assimilated accounts, the trade payables and other payables are approaching their real value due to their short maturity. The management considers that the estimated value of these instruments is close to their carrying amount.

### **The capital risk management**

The objectives of the company when managing the capital are to maintain the company's ability to continue operating in order to obtain benefits for shareholders and other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

### **Accounting for the effect of hyperinflation**

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the acquisition date or contribution). According to IAS 29, an economy is considered to be hyperinflationary if, in addition to other factors, the cumulative inflation rate over a three year period exceeds 100%.

The continued decrease in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the company has ceased to be hyperinflationary, with effect on the financial periods beginning on 1 January 2004, thus IAS 29 was adopted in the preparation of the separate financial statements until 31 December 2003.

Thus, the amounts expressed in the current measurement unit at 31 December 2003 are treated as the basis for the carrying amounts reported in these separate financial statements and are not valued, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would happen at this time.

For the purpose of preparing the separate financial statements at 31 December 2012, the company adjusted its share capital (non-monetary item) to be expressed in the current measurement unit at 31 December 2003.

### **Tangible assets**

The tangible assets are assets that: are held by an entity for use in the production of goods or the provision of services to be leased to third parties or to be used for administrative purposes and are used for a period longer than one year .

Purchase costs include purchase price, import taxes and other taxes (except those that the legal entity can recover from the tax authorities), transport, handling and other expenses that can be directly attributable to the acquisition of those goods.

The valuation of property, plant and equipment at the balance sheet date is carried at cost, less depreciation and accumulated impairment adjustments, or revalued, being the fair value at the revaluation date, less any cumulative subsequent depreciation and any accumulated impairment losses.

Damping times are as follows:

Buildings and construction	40-60 years
Equipments	15-40 years
Means of transport	5-8 years
Office furniture and equipment	3-5 years

### **Intangible assets**

An intangible asset is an identifiable, non-cash asset with no material support and held for use in the production or supply of goods or services to be leased to third parties or for administrative purposes.

An intangible asset fulfills the criterion of being identifiable when:

- is separable, it may be segregated or divided by the entity and sold, transferred, authorized, leased or exchanged either individually or together with an appropriate contract, identifiable asset or identifiable debt, or deriving from contractual or other legal rights, whether those rights are transferable or severable by the entity or other rights and obligations.

The intangible assets acquired by the company are stated at cost less cumulative depreciation and provision for depreciation of intangible assets. The amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets.

### **Receivables**

The commercial receivables are initially recorded at the invoiced amount and subsequently those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month. A depreciation provision is made when there is a clear evidence that the receivables will not be collected at the set time.

### **Stocks**

The stocks are made up of:

- raw materials, materials, spare parts and other consumables to be used in the course of the company's core business.

These materials are recorded as stocks at the time of purchase and are expensed at the time of consumption.

The stocks are measured at the lowest cost and net realizable value. The cost of inventories is determined based on the FIFO method and includes the expense incurred in purchasing the stocks.

### **Money availability**

The cash and cash equivalents include house, current accounts, bank deposits, meal vouchers, stamps and checks and promissory notes received by the company.

### **The revaluation reserves**

After the recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably, it is accounted for at a revalued amount, that is its fair value at the revaluation date minus any subsequent accumulated depreciation and any accumulated impairment losses. To be done with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase should be recorded directly in equity in the item "Revaluation reserves". However, the increase is recognized in profit or loss to the extent that it compensates for a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, that decrease is recognized in profit or loss. However, the impairment should be debited directly from equity to the item "Revaluation reserves" in so far as there is a credit balance in the revaluation surplus for this asset.

The revaluation surplus included in the equity of an item of property, plant and equipment is transferred directly to the retained earnings as the revalued tangible assets are depreciated and when the asset is recognizable.

Starting from 1 May 2009, the statutory reserves from the revaluation of fixed assets, including land, after 1 January 2004, which are deducted in the calculation of taxable profit through tax amortization or disposal costs and /or tax at the same time as the deduction of tax depreciation, respectively at the time of decrease of these fixed assets.

Statutory reserves from the revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of revaluation made after 1 January 2004 for the period ending 30 April 2009, will not be taxed at the time of the transfer to the reserves representing the surplus realized of the revaluation reserves.

The reserves made are taxed in the future in the event of a change in the destination of the reserves in any form, in the event of liquidation, merger, including its use to cover the accounting losses, except for the transfer after 1 May 2009, of the reserves for the evaluations made after 1 January 2004 , which are taxed at the same time as deducting tax depreciation.

### **Social capital**

The company recognizes the changes in the share capital under the conditions provided by the legislation in force only after their approval in the General Meeting of Shareholders and their registration with the Trade Registry Office.

### **Dividends**

The dividends are recognized as a liability in the period in which their allocation is approved.

### **Suppliers and assimilated accounts**

The debts to suppliers and other debts include the value of the invoices issued by suppliers of manufactured finished products, executed works and services.

### **Loans**

The loans are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, the loans are recorded at amortized cost, any difference between cost and reimbursement being recognized in the income statement over the period of the loan.

### **Profit tax**

The profit tax expense comprises current tax and deferred tax. The current and deferred tax is recognized in the income statement unless it is recognized directly in equity or other comprehensive income.

## **Current tax**

The current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in previous years using tax rates adopted or largely adopted at the reporting date and any adjustment to the related tax liability payable of previous years.

## **Deffered tax**

The deferred tax is recognized for the temporary differences that occur between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

The deferred tax assessment reflects the tax consequences that arise from the way the company expects to recover or settle the value of its assets and liabilities at the end of the reporting period. The deferred tax assets are reviewed at each reporting date and are diminished to the extent that they are which is no longer possible to achieve the related tax benefit.

## **Benefits of the employees**

### *Benefits of short-term employees*

The obligations on short-term benefits are assessed without being updated and are recognized as expenses as services are rendered. A provision is recognized at the amount that is expected to be paid for short-term benefits in the form of bonuses or employee participation in profit only if the Company has a present, legal or constructive obligation to pay that amount for past service provided by employees , and this obligation can be estimated at fair value. The benefits of short-term employees are mainly payroll.

In the normal course of business, the company makes payments on behalf of its employees to the pension fund. All the company's employees are members of the Romanian State Pension Plan.

## **Funding costs**

The company does not capitalize the cost of the loans because it does not have long-term loans.

The interest income and interest expense are recognized in the income statement when they are paid.

### **Subsidies**

The subsidies are initially recognized as prepaid earnings at fair value when there is reasonable assurance that they will be received and the company will comply with the grant-related conditions and then are recognized in the income statement as other income over the life of the asset to which it refers. The subsidies are related to assets. The non-reimbursable funds are recognized as assets when there is reasonable assurance that they will be received and the related conditions will be met.

### **Provisions**

A provision is recognized at that time and only when the following conditions are met: the company has a current (legal and implicit) obligation as a result of a past event, it is probable (more likely than unlikely) that an outflow of resources representing economic benefits to be required to settle the obligation, when a fair estimate of the amount of the obligation can be made.

### **Output per share**

In accordance with IAS 33 "Earnings per share", the earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders to the weighted average of the outstanding ordinary shares of the period.

The weighted average of shares in circulation during the exercise is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were in circulation during the exercise.

The dilution is a reduction in earnings per share or an increase in share losses resulting from the convertibility of convertible instruments, options or warrants are exercised or ordinary shares are issued subject to certain specified conditions. The diluted earnings per share object is consistent with that of the basic share result, namely, to evaluate the interest of each ordinary share in the performance of an entity.

### **Contingents**

The contingent liabilities are not recognized in the accompanying financial statements. These are presented if the outflow of resources embodying economic benefits becomes possible and not probable.

A contingent asset is not recognized in the accompanying financial statements but is presented when an economic benefit is probable.

## **Reporting on segments**

A segment is a distinct component of the company that provides certain products or services (segment of activity) or provides products or services in a particular geographical environment (geographic segment) and which is subject to risks and benefits different from those of other segments.

The company carries out its operations in a single location in Romania. The company's management considers all of their operations as "one segment".

Operating segments are examined in a consistent manner by the entity's principal operational decision-maker for making decisions about segment allocation and performance appraisal, and for which distinct financial information is available.

An entity must report revenue from external customers for each product and service, or for similar products or services, unless the required information is not available and the cost of developing it would be excessive, in which case it should be disclosed. The reporting must take into account the financial information used to prepare the entity's financial statements.

## **Implications of the new International Financial Reporting Standards (SIRF EU )**

### *New standards and interpretations as approved by the European Union*

A number of new standards, amendments to standards and interpretations are applicable to annual periods beginning on or after 1 January 2012 and have not been applied in the preparation of these separate financial statements. None of the new standards expects to have a material effect on the company's financial statements.

### *New standards not yet applicable on 30 June 2018*

International Accounting Standard (SIC) 19 (2011) Employee Benefits (effective for periods beginning on or after 1 January 2013).

This amendment is not relevant to the company's financial statements, as the company's current policy is to immediately recognize earnings and losses in the income statement.

## Fixed assets at 30 june 2018

- lei -

Name of the fixed asset	Gross value				Value adjustments (Depreciation and amortization for depreciation or loss)			
	Balance at 1 january 2018	Increases	Releases, transfers and other discounts	Balance at 30 june 2018	Balance at 1 january 2018	Adjustments recorded during the exercise	Discounts or repeats	Balance at 30 june 2018
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
A. FIXED ASSETS								
I. INTANGIBLE ASSETS	-	-	-	-	-	-	-	-
1. Establishment costs								
2. Development costs	4.112.519	-	-	4.112.519	4.112.519	-	-	4.112.519
3. Concessions, patents, licenses and other assets	25.548.448	554.017	-	26.102.465	12.683.969	784.264	-	13.468.233
4. Commercial fund	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	29.660.967	554.017	-	30.214.984	16.796.488	784.264	-	17.580.752
II. TANGIBLE ASSETS								
1. Lands	12.965.218	-	13.892	12.951.326	106.752	6.672	-	113.424
2. Constructions	44.247.336	-	427.594	43.819.742	27.591.639	604.313	268.897	27.927.055
3. Technological equipments	43.586.397	168.186	436.326	43.318.257	38.567.987	735.673	435.510	38.868.150
4. Measuring, control and regulating machines and installations	2.126.767	50.138	3.702	2.173.203	1.808.185	69.657	3.702	1.874.140
5. Transport means	6.301.561	85.342	218.648	6.168.255	4.807.365	211.377	218.648	4.800.094
6. Furniture, equipment, office and other tangible assets	471.949	133.274	6.619	598.604	422.033	8.685	6.619	424.099
7. Advances and tangible assets in progress	223.889	68.877	162.883	129.883	-	-	-	-
TOTAL:	109.923.117	505.817	1.269.664	109.159.270	73.303.961	1.636.377	933.376	74.006.962
III. FINANCIAL ASSETS								
1. Holdings held by the group companies	-	-	-	-	-	-	-	-
2. Receivables on the group companies	-	-	-	-	-	-	-	-
3. Securities in the form of participation interests	-	-	-	-	-	-	-	-
4. Interest debts	-	-	-	-	-	-	-	-
5. Titles held as fixed assets	-	-	-	-	-	-	-	-
6. Other debts	-	-	-	-	-	-	-	-
7. Own actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS – TOTAL	139.584.084	1.059.834	1.269.664	139.374.254	90.100.449	2.420.641	933.376	91.587.714

## Stocks

On 30 June 2018, compared to 30 June 2017 stocks are presented as follows:

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>1. Raw materials and consumables</b>	23.615.006	28.225.037
<b>2. Fixed assets held for sale</b>	3.127.606	2.110.490
<b>3. Production under execution</b>	26.602	123.920
<b>4. Finished goods and commodities</b>	13.455.259	10.233.286
<b>5. Advances</b>	3.895.805	2.007.281
<b>TOTAL</b>	<b>44.120.278</b>	<b>42.700.014</b>

## Clients and assimilated accounts

On 30 June 2018, compared to 30 June 2017, the clients and assimilated accounts are shown as follows:

<b>Element1</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>1. Commercial receivables</b>	26.104.279	28.593.558
<b>2. Paid advances</b>	741.500	748.754
<b>3. Other debts</b>	1.877.299	3.368.792
<b>TOTAL</b>	<b>28.723.078</b>	<b>32.711.104</b>

In perioada 01.01.2018-30.06.2018 the company recorded exports as follows:

**EURO**

ENGLAND	1.771.360,32
AUSTRIA	34.392,96
BELGIUM	95.460,81
BULGARIA	270.379,09
CZECH REPUBLIC	9.496,00
E.A.U.	35.226,29
EGYPT	44.655,68
ESTONIA	12.438,84
FINLAND	297.931,51
FRANCE	886.729,87
GERMANY	2.484.306,26
GREECE	24.354,84
IRELAND	45.346,20
ITALY	342.386,92
LITHUANIA	22.764,88
MOROCCO	15.520,18
MOLDAVIA	17.274,59
NETHERLANDS	1.041.911,11
POLAND	56.380,86
SERBIA	139.966,69
SLOVAKIA	11.008,20
SLOVENIA	8.594,44
SPAIN	1.441.231,22
TURKEY	17.935,00
HUNGARY	26.795,51
<b>TOTAL</b>	<b>9.153.848,27</b>

### **Financial assets available for sale**

On 30 june 2018, as compared to 30 june 2017, short-term investments are as follows:

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>Short-term investments</b>	14.397	14.397
<b>TOTAL</b>	<b>14.397</b>	<b>14.397</b>

The balance on 30 june 2018 in the amount of 14.397 lei is the equivalent of the shares acquired in previous years from IFB Invest Tg-Jiu, which in the meantime dissolved.

The share of financial assets for sale in the company's capital is insignificant.

The company does not hold interests in other companies. In this respect, the company has not received dividends from other companies.

### **Prepayments**

On 30 June 2018, compared to 30 June 2017, prepayments are as follows:

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>Prepayments</b>	305.592	254.961
<b>TOTAL</b>	<b>305.592</b>	<b>254.961</b>

The balance on 30 June 2018 in the amount of 254.961 lei, represents the expenses made in advance for: insurance in favor of the banks for the granted credits, automobile diagrams, vocational training courses, rents paid in advance for renting various equipments.

### **Cash and cash equivalents**

On 30 June 2018, as compared to 30 June 2017 cash and cash equivalents are presented in this way:

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>Current accounts at banks and deposits</b>	7.835.934	5.018.246
<b>Cash - lei</b>	3.343	1.765
<b>Cash - foreign currency</b>		
<b>Other equivalents in cash</b>	256.434	272.554
<b>TOTAL</b>	<b>8.095.711</b>	<b>5.292.565</b>

### ***Social capital***

On 30 June 2018 and 30 June 2017, the share capital includes the effects of the restatements recorded in previous years, according to the application of the "SIC" 29 "Financial Reporting in Hyperinflationary Economies. Reconciliation of social capital is as follows:

Social capital (nominal value)	22.390.413
Differences related to the retratation according to SIC 29	89.052.449
The balance of social capital (restated)	<b><u>111.442.862</u></b>

At the end of each reporting period, the subscribed and paid-up share capital of the company in the amount of 22.390.413 lei is divided into 8.956.165 ordinary shares with a nominal value of 2,5 lei per share and corresponds to the one registered with the Trade Registry Office.

The shareholding structure on 30 June 2018 is as follows:

<b>Shareholders</b>	<b>Nominal value per share</b>	<b>Number of shares held</b>	<b>Total value</b>	<b>% of the social capital</b>
<b><i>ASSOCIATION OF THE EMPLOYEES PAS ARTEGO</i></b>	2,50	6.968.820	17.422.050,00	77,8103%
<b><i>Other legal entities</i></b>	2,50	854.677	2.136.693,00	9,5429%

<b>Other individuals</b>	2,50	1.132.666	2.831.665,00	12,6468%
<b>THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</b>	2,50	2	5,00	0,0000%
<b>TOTAL</b>	<b>2,50</b>	<b>8.956.165</b>	<b>22.390.413,00</b>	<b>100,000%</b>

### *Legal reserves*

The legal reserves amount to 4.974.689 lei at 30 june 2018 of which the deductible reserve is in the amount of 4.478.083 lei.

### *Revaluation reserves*

The revaluation reserve is in the amount of 28.956.295 lei at 30 june 2018.

### *Other reserves*

On 30 June 2018, compared to 30 June 2017, other reserves recorded the following levels:

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
<b>Other reserves</b>	16.492.991	14.386.153
<b>Total</b>	<b>16.492.991</b>	<b>14.386.153</b>

### **Other elements of own capital**

On 30 June 2018, the amount of 907.806 lei, is the deferred tax related to revaluations in the balance after 1 January 2004, decreased by deferred tax related to revaluation amortization recorded on cost in the first semester of 2018.

### **Subventii pentru investitii**

Veniturile inregistrate in avans sunt reprezentate de suventiile primite pentru investitii cu titlu de nerambursabile pentru proiectul derulat in anii anteriori prin axa Cresterii Competitivitatii economice si inregistreaza urmatoarele nivele descrescatoare pana la amortizarea integrala a obiectivelor puse in functiune , dupa cum urmeaza:

<b>Elemente</b>	<b>30 iunie 2017</b>	<b>30 iunie 2018</b>
<b>1. Subvenții pentru investiții</b>	839.990	486.571
<b>Total</b>	<b>839.990</b>	<b>486.571</b>

### **Short-term loans**

The company has credit lines at UNICREDIT, INTESA, ING BANK, CREDIT EUROPE and GARANTI as follows:

	<b>30.06.2017</b>		<b>30.06.2018</b>	
<b>Bank</b>	<b>Approved</b>	<b>Used</b>	<b>Approved</b>	<b>Used</b>
UNICREDIT	28.300.000	25.074.753	28.300.000	26.401.649
INTESA	11.000.000	6.278.169	11.000.000	5.447.023
ING BANK	1.800.000	99.162	1.400.000	-
CREDIT EUROPE	8.900.000	2.446.619	8.900.000	3.090.241
GARANTI	1.000.000	1.000.000	1.000.000	1.000.000

### ***Long-term loans***

The company does not have long-term loans with banks or other financial institutions.

### **Output per share**

On 30 June 2018, as compared to 30 June 2017, the earnings per share is:

	30 june 2017	30 june 2018
<b>Profit of the period</b>	<b>3.004.232</b>	<b>2.706.573</b>
Number of ordinary shares at the beginning and the end of the period	9.949.377	8.956.165
<b>The base and diluted earnings per share (lei/share)</b>	<b>0,302</b>	<b>0,302</b>

### **Other taxes and obligations for social insurance**

<b>Elements</b>	<b>30 june2017</b>	<b>30 june 2018</b>
1. State budget	<b>565.211</b>	<b>648.258</b>
- tax on profit	152.893	180.988
- tax on dividends	118.653	169.501
- tax on salaries	293.665	224.736
- the insurance contribution for the work	-	73.033
- VAT on payment	-	-
- increases	-	-
- penalties	-	-
<b>2. Special fund budgets</b>	<b>226.556</b>	<b>365.907</b>
- CASS	226.528	323.772
- average fund	28	31

- solidarity fund for people with disabilities	-	42.104
- increases	-	-
- penalties	-	-
<b>3. Social security budgets</b>	<b>593.576</b>	<b>812.960</b>
- CAS	565.187	812.960
- 0,5% unemployment	9.717	-
- 0,75% unemployment	14.337	-
- 0,214% accidents fund	4.335	-
- increases	-	-
- penalties	-	-
<b>4. Other taxes, fees, payments</b>	<b>118.653</b>	<b>169.501</b>

### Revenues from exploitation

Elements	30 june 2017	30 june 2018
Sold production	61.676.681	73.042.735
Revenues from sale of goods	1.288.827	1.708.405
Commercial discounts granted	(83.218)	(206.035)
Revenues related to the cost of product stocks	12.599.025	3.776.699
Revenues from the production of fixed assets	541.562	70.102
Revenues from fixed assets for sale	192.951	944.319
Revenues from operating grants	225	-
Other revenues from exploitation	654.463	726.317
<b>Total revenues from exploitation</b>	<b>76.870.516</b>	<b>80.062.542</b>

### **Expenses from exploitation**

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
Expenses on raw materials and consumables	45.787.913	44.571.962
Other material expenses	322.009	283.962
Other external costs (energy and water)	2.589.380	2.780.424
Expenditure on goods	1.128.822	1.526.718
Trade discounts received	1.928	737
Expenses with the staff of which:	16.716.623	19.739.343
- Salaries and allowances	13.357.947	18.673.020
- Insurance and social protection	3.358.676	1.066.323
Adjustment of tangible assets of which:	2.355.534	2.420.643
-Expenses	2.355.534	2.420.643
-Revenues	-	-
Current active adjustments of which:	1.410	-
-Expenses	1.892	-
-Revenues	482	-
Other operating expenses of which	3.918.424	4.549.344
Expenses on external benefits	2.292.385	2.490.198
Expenses with other taxes and fees	585.073	806.591
Expenses on assets immobilized for sale	180.438	783.406
Other expenses	860.528	469.149
<b>Total expenses for exploitation</b>	<b>72.818.187</b>	<b>75.871.659</b>

### **Result from exploitation**

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
Result from exploitation (Profit )	4.052.329	4.190.883
<b>Total Profit from exploitation</b>	<b>4.052.329</b>	<b>4.190.883</b>

### **Net financial result**

<b>Elements</b>	<b>30 june 2017</b>	<b>30 june 2018</b>
Revenues from exchange rate fluctuations	489.761	158.301
Interest revenues	9.235	7.793
Other financial revenues	460	-447
<b>Total financial revenues</b>	<b>499.456</b>	<b>165.647</b>
Interest expenses	482.485	788.070
Other financial expenses	565.291	378.488
<b>Total financial expenses</b>	<b>1.047.776</b>	<b>1.166.558</b>
<b>Net financial result (Loss )</b>	<b>(548.320)</b>	<b>(1.000.911)</b>

### **Fiscal legislative framework**

The legislative and fiscal framework in Romania and its implementation in practice are frequently changing and subject to different interpretations by various control bodies. The business tax returns are the subject of revision and correction of tax authorities, generally for a period of five years after the date of their completion. The management considers that it has properly recorded the tax liabilities in the attached financial statements, however, there is a risk that the tax authorities will adopt different positions regarding the interpretation of these issues. Their impact could not be determined at this time.

### ***Guarantees***

The Company, on 30 June 2018, mortgages the following assets in favor of the financing banks to which it has committed credit lines as follows:

**INTESA SANPAOLO BANK**

**- SITUATION OF REAL ESTATE PROPERTIES -**

<b>CADASTRAL NO</b>	<b>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</b>
<b>1315/2/1/1/1/4 CF 41172</b>	<b>- land area of 11.243 sqm + self-metrology platform made up of:</b> 1. storage - 254,62 mp (C15); 2. toilet -6,30 mp (C16); 3. loaded extinguisher station - 56,97 mp (C17); 4. workshop - 619,46 mp (C28); 5. metrology laboratory - 134,59 mp (C29); 6. drinking water station - 99,73 mp (C30); 7. drinking water basin - 146,17 mp (C31); 8. metal storage - 106,87 mp (C60); 9. storage -146,17 mp (C70); 10. auto workshop - 359,24 mp (C73);
<b>1315/2/1/1/1/7 CF 40067</b>	<b>- land area of 18.910 mp + constructions:</b> 1. locker room -199,59 mp (C54); 2. silo raw material - 195,60 mp (C55); 3. mixtures and annexes workshop - 437,91 mp (C58); 4. hot water station and condensate recirculation - 48,88 mp (C57); 5. monobloc hall -10.808,88 mp (C56/2/1); 5. storage - 2.225,98 mp (C69).
<b>1315/2/1/1/1/9 CF 41169</b>	<b>-land area of 4.114 mp + constructions:</b> 1. finished warehouse - 657,25 mp (C56/4).
<b>1315/2/1/1/1/10 CF 41170</b>	<b>-land area of 1.575 mp + constructions:</b> 1. Administrative group gate 3 - 123,44 mp (C63).
<b>1315/2/1/1/1/11 CF 41165</b>	<b>-land area of 22.150 mp + constructions:</b> 1. monobloc hall - 4.739,39 mp (C56/3); 2. storage -95,55 mp (C61); 3. rolling bridge - 811,12 mp (C62).

**UNICREDIT TIRIAC BANK**

**SITUATION OF REAL ESTATE PROPERTIES**

<b>CADASTRAL NO.</b>	<b>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</b>
1315/2/1/1/2 CF 40066	-land area of 20.616 mp + constructions: 1.transport bands hall (C56/1).
3003 CF 41266	-land area of 15.446 mp with Jiu Capture Station consisting of: pump room, dosing tower, water settling basins 1 and 2, water treatment plants, filters + annexes, thermal power station, gate cabin, located in Tg Jiu, Vădeni district.
1315/1 CF 41260	-land area of 2.262,39 mp with administrative office P + 4, located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/5 CF 41270 1315/2/1/1/6 CF 41263	-land area of 996 mp with bread workshop (C11/2)  -land area of 1.063 mp with milk workshop (C11/1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/2 CF 40061	-land area of 13.589 mp with regenerated rubber section (C6);
1315/2/1/3 CF 41264	-land area of 6.361 mp with hall molds and annexes (C9), located in Tg Jiu, Ciocârlău street, no. 38.

**UNICREDIT TIRIAC BANK**

<i>CADASTRAL NO.</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
<b>1315/2/1/1/1/1 CF 47077</b>	<b>-land area of 15.736 mp + constructions:</b> 1. fuel pump station - 114,76 mp (C2); 2. solvent pump station - 37,18 mp (C4); 3. foaming station - 88,30 mp(C5).
<b>1315/2/1/1/1/2 CF 44426</b>	<b>-land area of 14.478 mp + constructions:</b> 1.toilet - 4,13 mp C3 2.storage - 81,27 mp C38 3. industrial hall - 119,85 mp (C39); 4.storage - 484,78 mp (C65); 5. storage - 111,31 mp (C66); 6. storage - 360,73 mp (C67); 7- storage - 44,72 mp (C68).
<b>1315/2/1/1/1/6 CF 47076</b>	<b>-land area of 6.843 mp + constructions:</b> 1.workshop - 651,14 mp (C18) 2. workshop - 626,59 mp (C19) 3. school lab -384,47 mp (C20) 4.toilet - 12,93 mp (C21) 5.basin -88,76 mp (C22) 6.basin - 26,3 mp (C23) 7.storage (C58) 8. auto workshop - 359,245 mp (C73)

**CREDIT EUROPE BANK**

**- SITUATION OF REAL ESTATE PROPERTIES -**

<i>CADASTRAL NO</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION (REAL ESTATE RANK I AND II)</i>
<b>1315/2/1/1/3 CF 39568</b>	<b>- land area of 1.271 mp</b> with administrative group consisting of two buildings (C1 with ground surface built by 161,32mp and C2 With ground surface built by 151,81mp), located in Tg Jiu, Ciocârlău street, no. 38.

1315/2/1/1/4 CF 37455	-land area of <b>6.705 mp</b> with Oxygen factory (C1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/7 CF 39567	- land area of <b>1.859 mp</b> with tailoring section (C1)+gate group, with ground surface built by 667,87mp located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/9 CF 39579	- land area of <b>5047 mp</b> with reconditioned drums section (C59), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/10 CF 39564	- land area of <b>3.744 mp</b> , located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/1/8 CF 39562	- land area of <b>9.538 mp</b> with construction C1-Industrial hall- Section of gaskets with ground surface of 6.429,15 mp , located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/1/3 CF 47078	- land area of <b>9.280 mp + constructions:</b> <ol style="list-style-type: none"> <li>1. demineralization station (C1)</li> <li>2. demineralization station annexes (C2)</li> <li>3. demineralization station basin (C3)</li> <li>4.locker room (C4)</li> <li>5. heating plant (C5)</li> <li>6.compressor station storage (C6)</li> </ol>
1315/2/1/1/1/5 CF 41246	-land area of <b>17.758 mp + constructions:</b> <ol style="list-style-type: none"> <li>1.basin (C1)</li> <li>2. pump house (C2)</li> <li>3.basin (C3)</li> <li>4. heating plant (C4)</li> <li>5. industrial construction (C5)</li> <li>6. trafo post (C6)</li> <li>7. recirculated water basin (C7)</li> <li>8. cooling tower (C8)_</li> <li>9. pump station (C9)</li> <li>10. cooling tower (C10)</li> <li>11. industrial and public construction (C11)</li> <li>12. industrial and public construction (C12)</li> <li>13. industrial and public construction (C13)</li> <li>14. industrial and public construction (C14)</li> <li>15. industrial and public construction (C15)</li> <li>16. chlorination Station (C16)</li> <li>17.metal storage (C18)</li> </ol>

**ING BANK**

**- SITUATION OF REAL ESTATE PROPERTIES -**

<i>CADASTRAL NO..</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/1/1/1/12 CF 47071	-land area of 3611 mp with a construction of 16,67 mp ( weighing cabin)
1315/2/1/1/8 CF 39574	- land area of 531 with a construction of 215,14 mp (commercial space)
4327 CF 47079	- land area of 1000 mp
4296 CF 47074	- land area of 4760 mp with a construction of 12,42 mp (deep well)
3201 CF 39572	- land area of 10073,17 mp
37200 CF 37200	- land area of 1395 mp
37202 CF 37202	- land area of 9632 mp

**Situation of disputes in progress**

**S.C. ARTEGO S.A. - complainant**

<b>File no.</b>	<b>Defendant society</b>	<b>Object</b>	<b>Request/ The requested amount</b>	<b>Stage file / Notifications</b>	<b>File no.</b>
1	3319/95/2010	Vectra Impex Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 300.000 lei	- ongoing; we were admitted to the credentials table with the sum of 300.000 lei from which we recovered the amount of 38.645 lei during the judicial reorganization; continue the bankruptcy procedure
2	8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 46.887,93 lei	- ongoing; we were admitted to the credentials table with the sum of 46.887,93 lei ; continue the bankruptcy procedure

3	60833/3/2011	Munplast Bucharest	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.457,81 lei	- ongoing; we were admitted to the credentials table with the sum of 19.457,81 lei, from which we recovered the amount of 5.000 lei during the judicial reorganization; continue the bankruptcy procedure
4	4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 52.777,37 lei	- ongoing; we were admitted to the credentials table with the sum of 52.777,37 lei; continue the bankruptcy procedure
5	887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.946,68 lei	- ongoing; we were admitted to the credentials table with the sum of 19.946,68 lei; continue the bankruptcy procedure
6	9089/101/2013	Autonomous Regime for Nuclear Activities Severin	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.439.815,78 lei	- ongoing; we were admitted to the credentials table with the sum of 1.439.815,78 lei; continue the bankruptcy procedure
7	2570/63/2014	Energy Services Oltenia Craiova	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 2.486,37 lei	- ongoing; we were admitted to the credentials table with the sum of 2.486,37 lei; continue the reorganization procedure
8	28428/3/2014	CFR IRLU S.A. Maintenance and Repair of Locomotives and Machinery Bucharest	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 41.524,48 lei	- ongoing; we were admitted to the credentials table with the sum of 41.524,48 lei, from which we recovered the amount of 5.120 lei ; continue the reorganization procedure
9	528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 34.155,80 lei	- ongoing; we were admitted to the credentials table with the sum of 34.155,80 lei; continue the bankruptcy procedure

10	2575/85/2015	Ambient Sibiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.240 lei	- ongoing; we were admitted to the credentials table with the sum of 1.240 lei; continue the bankruptcy procedure
11	3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 4.783,92 lei	- ongoing; we were admitted to the credentials table with the sum of 4.783,92 lei; continue the bankruptcy procedure
12	1396/90/2016	CET Govora Rm. Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.665.256,19 lei	- ongoing; we were admitted to the credentials table with the sum of 1.665.256,19 lei; continue the bankruptcy procedure
13	5114/95/2016	Installations for Mining Utilities	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 41.307,71 lei	- ongoing; we were admitted to the credentials table with the sum of 41.307,71 lei; continue the bankruptcy procedure
14	1248/95/2018	The Roads and Bridges Enterprise	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 2.783,39 lei	- ongoing; we were admitted to the credentials table with the sum of 2.783,39 lei; continue the bankruptcy procedure
15	7603/2/2016	National Agency for Fiscal Administration - General Directorate for the Administration of Large Contributors Bucharest	Cancelling administrative act	Cancelling administrative fiscal act	- Appeal against the Sentence pronounced by the Bucharest Court of Appeal; the file is pending at the High Court of Cassation and Justice in the filter procedure

16	21659/3/2016	National Agency for Fiscal Administration - General Directorate for the Administration of Large Contributors Bucharest	Tax administrative act contest	- to pay the amount of 1.256.342 lei	- Appeal against the Sentence pronounced by the Bucharest Court of Appeal; the file is pending at the High Court of Cassation and Justice in the filter procedure
17	6880/306/2018	Proiect Consult Sibiu	claims	- to pay the amount of 8.564,04 lei	- ongoing; term – 05.09.2018
18	20946/3/2018	National Uranium Company	Claims	- to pay the amount of 52.389,60 lei	- ongoing; term – 01.08.2018

**S.C. ARTEGO S.A. – defendant**

<b>File no.</b>	<b>Defendant society</b>	<b>Object</b>	<b>Request/ The requested amount</b>	<b>Stage file / Notifications</b>	<b>File no.</b>
1	5728/95/2017*	Golea Marin	Money rights	- Obligation to pay the allowances to the special administrator of C.S. Pandurii Lignitul Targu-Jiu	- ongoing ; - the court has accepted the action; we are going to get the decision; with appeal within 30 days of the communication of the decision

2	6274/95/2017	Sports Club Pandurii Tg-Jiu	Claims	- obliging parity to pay membership fees	-ongoing; term – 10.07.2018 - for observing the expertise report by the parties.
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### **Affiliated Parties**

The company has no affiliated parties.

### **Subsequent events**

After the reporting of 30 June 2018, there were no events whose effects were significant and influenced by the current financial statements

### **Information on employees and members of the management, management and supervisory bodies**

*SC ARTEGO S.A. operates, is managed and organized according to the provisions of Law 31/1990 republished - regarding the commercial companies.*

*Being a joint stock company, it is headed by the General Assembly of Shareholders and administered by a Board of Directors consisting of 5 members, of which 1 executive member and 4 non-executive members, who are not part of the management of other companies.*

### **Other informations**

SC ARTEGO S.A. was established in accordance with Law 31/1990, based on Government Decision no.1224 / 1990 and was registered at the Trade Registry Office under no. J18 / 1120/1991, with fiscal code RO2157428.

SC ARTEGO S.A. is a wholly private equity company, the majority shareholder being the "PAS ARTEGO" Employees Association, which owns 70,0428% of the share capital.

The determination of the profit tax took into account the provisions of Law 227/2015 with subsequent amendments and GD 1/2016 for the approval of the Methodological Norms for the application of Law 227/2015 regarding the tax code from which:

- late payment increases due to late payment of debts;
- the expenses for the protocol, which exceed the limits provided by the Fiscal Code;
- amounts exceeding the limits of expenditure considered deductible;
- sponsorship expenses, according to Law 32/1994;
- amounts used for the establishment of reserves according to Law 31/1990 republished.

# Statement

According to the stipulations of art..223, item B, paragraph (1), letter c) of the Regulation No. 5/2018 on issuers of financial instruments and market operations we declare that, to our knowledge, the financial statements at 30 June 2018 offers a true and fair view of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors, prepared in accordance with the stipulations of Annex no. 14, presents fairly and completely the information about the company.

Signature,

General Manager,  
eng. Viorel David

Economic Manager,  
Ec. Mihai Jianu