

**TMK-ARTROM S.A.**

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J 28/9/1991; VAT No: RO 1510210/1992;

Subscribed and Paid Share Capital: 291.587.538, 34 lei

PROPOSAL FOR DISTRIBUTION OF PROFIT OF THE YEAR 2013 AND COVERING ACCOUNTING LOSSES AT 31.12.2013

We propose the distribution of accounting profit of year 2013, in amount of 11.821.386 lei, to the reserve fund of the amount of 656.186 lei, under the Law 31/1990, at least 5% from annual gross profit (but no more than 20% of capital) and the difference of 11.165.200 lei to cover the accounting losses from previous years.

	Destination				Amount lei
A	Profit for the year 2013:				11.821.386
B	-Legal reserve, according to the Law 31/1990, at least 5% of annual gross profit (but not more than 20 % of capital				656.186
1	Share Capital *20%	291.587.538,34	20%	58.317.507,77	
2	Legal reserve before distribution from the profit of year 2013			11.920.653,57	
3	Legal reserve which can be established: 1-2			46.396.854,20	
4	Profit before tax *5%	13.123.730	5%	656.186	
C	- Covering accounting losses from previous years: A-B				11.165.200

The uncovered accounting losses from previous years related to the activity existing in the balance at 31.12.2013 are in amount of 22.635.843 lei.

Retained earnings from changes in accounting policies as a result of changes of IAS 19 profit - in amount of 1.554.175 lei, existing in balance at 31.12.2013, is proposed to cover the actuarial accounting losses from previous years.

Thus after approving profit distribution in April 2014 the uncovered accounting losses from previous years related to activities that will be covered from the future years profit starting with 2015 are in amount of 9.916.468 lei ($22.635.843 - 11.165.200 - 1.554.175 = 9.916.468$ lei)

Considering the provisions of OMFP 1690/12.12.2012 supplementing and amending OMPF 1286/2012 and OMFP 213/15.02.2013 supplementing OMPF 1286/2012 for approving of the Accounting Regulations in accordance with international financial reporting standards applicable to companies whose securities are admitted to trading on a regulated market articles:

1291. - Accounting loss earnings from the transition to IFRS implementation, the first adoption of IAS 29 and that resulting from the use of, to date of transition to IFRS implementation, the fair value as deemed cost, cover of equity, according to the General shareholder meeting in accordance with the law."

„1292. – In applying of these rules, shareholders' equity that can be used to cover deferred accounting loss include amounts reflected in the credit of the account 1028 "Adjustments to capital"

The retained earnings representing the loss from transition to IFRS except IAS 29, existing in the balance as at 31.12.2013 is in amount of 9.592.283 lei.

The retained earnings representing the loss from first time adoption of IAS 29 „Financial Reporting in Hyperinflationary Economies“ existing in the balance as at 31.12.2013 is in amount of 13.695.281 lei.

The Board of Directors proposes accounting losses carried forward from the transition to IFRS and application of first adoption of IAS 29 existing in the balance as at 31.12.2013 in total amount of 23.287.564 lei ($9.592.283 + 13.695.281 = 23.287.564$ lei):

- Retained earnings representing surplus from revaluation reserves in the years 2004-2006 that were not recognized for tax purposes (change destination are taxable) in the amount of 5.239.743 lei included in the deemed cost to the transition to IFRS restated 1.01.2011;
- Retained earnings representing surplus from revaluation reserves since 1.01.2004 taxable in the tax statement according to the OUG 34/2009 since 1.05.2009, elements as taxable income (2012+2013) in amount of 11.888.902 lei included in the deemed cost to the transition to IFRS restated 1.01.2011

After the approval of their cover in April 2014 the retained earnings representing accounting losses carried forward from the transition to IFRS will be 0 and the retained earnings representing accounting losses from the first time adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies” will be of 6.158.919 lei.

The amount of 6.158.919 lei may be covered in 2015 from the retained earnings on 2014 from the surplus achieved from revaluation reserves included in the deemed costs at the transition to IFRS.

Chief Executive Officer

Ing. Popescu Adrian

**Chief Economical and
Accountancy Officer**

Ec. Vaduva Cristiana