



Company Identification

Report: Preliminary Annual Financial Statements

Financial year ended 31 December 2015

Report date: 12 February 2016

Name of the Company: SC ROMCARBON S.A.

Headquarters: Buzau, Transilvaniei Street, no.132

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

Subscribed and paid up share capital: 26,412,209.60 lei

Regulated market where the issued securities are traded: Bucharest Stock Exchange, Standard Category

The main characteristics of the securities issued by the company: 264,122,096 registered shares, dematerialized, with a nominal value of 0.1 lei.

I. STATEMENT OF FINANCIAL POSITION

(in this report all the amount are expressed in lei, if other currency is not mentioned)

Item	2013	2014	2015	2015 vs. 2014		
Property, plant and equipment	115,730,546	113,254,098	147,815,970	34,561,872	▲	30.52%
Investment property	45,934,052	46,317,533	45,520,547	-796,986	▼	-1.72%
Intangible assets	339,167	209,289	189,900	-19,388	▼	-9.26%
Financial assets	24,125,945	22,919,676	22,863,010	-56,666	▼	-0.25%
Total non-current assets	186,129,710	182,700,596	216,389,428	33,688,832	▲	18.44%
Inventories	15,719,338	18,104,795	20,499,859	2,395,064	▲	13.23%
Trade and other receivables	31,926,260	29,399,410	33,963,166	4,563,756	▲	15.52%
Loans granted to related parties	0	635,099	0	-635,099	▼	-100.00%
Current tax assets	18,839	131,401	70,497	-60,904	▼	-46.35%
Other assets	262,596	246,451	366,752	120,301	▲	48.81%
Cash and bank balances	9,307,666	9,560,212	12,888,836	3,328,624	▲	34.82%
Total current assets	57,234,699	58,077,367	67,789,110	9,711,743	▲	16.72%
Total assets	243,364,409	240,777,963	284,178,538	43,400,575	▲	18.03%
Issued capital	26,412,210	26,412,210	26,412,210	0	—	0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	—	0.00%
Reserves	49,242,206	49,418,796	48,956,710	-462,086	▼	-0.94%
Retained earnings	12,697,983	47,730,966	54,384,433	6,653,466	▲	13.94%
Total Equity	90,534,682	125,744,256	131,935,636	6,191,381	▲	4.92%
Borrowings LT	21,095,797	14,842,699	32,479,716	17,637,018	▲	118.83%
Long term finance leases and other interest bearing obligations	3,791,346	2,705,112	1,578,121	-1,126,991	▼	-41.66%
Deferred tax liabilities	10,570,635	11,041,869	11,041,869	0	▼	0.00%
Other non current liabilities	0	0	0	0	—	n/a
Deferred income	12,593,199	11,052,206	24,475,344	13,423,138	▲	121.45%
Total non-current liabilities	48,050,977	39,641,885	69,575,050	29,933,165	▲	75.51%
Trade and other payables	27,599,072	28,900,849	30,928,649	2,027,801	▲	7.02%
Loans received from related parties	31,277,371	0	0	0	—	n/a
Borrowings ST	42,869,851	42,801,193	49,364,586	6,563,393	▲	15.33%
Short term finance leases and other interest bearing obligations	1,408,860	1,588,642	1,326,030	-262,612	▼	-16.53%
Deferred revenue	41,602	8,320	16,798	8,478	▲	101.89%
Other liabilities	1,581,993	2,092,819	1,031,788	-1,061,031	▼	-50.70%
Total current liabilities	104,778,750	75,391,823	82,667,851	7,276,029	▲	9.65%
Total liabilities	152,829,727	115,033,708	152,242,902	37,209,194	▲	32.35%
Total equity and liabilities	243,364,409	240,777,963	284,178,538	43,400,574	▲	18.03%

Item	31/12/2014	31/12/2015
Average number of employees	743	786

In 2015 **The Non-current assets** hold 76.15% of the company's assets, recording an increase of 33,688,832 lei, i.e. 18.44%, as compared with december, 2014.

Non-current assets	2015	% in total NCA	% in total Assets	2015 vs. 2014
Property, plant and equipment	147,815,970	68.31%	52.02%	30.52%
Investment property	45,520,547	21.04%	16.02%	-1.72%

Intangible assets	189,900	0.09%	0.07%	-9.26%
Financial assets	22,863,010	10.57%	8.05%	-0.25%
Total non-current assets	216,389,428	100.00%	76.15%	18.44%

During 2015 were purchased equipment and machineries in total amount of 29,988,347 lei according to the investment program co-financed by European Fund for Regional Development « Development of the company Romcarbon SA by purchasing new equipment » .

The grant received was in amount of 14,605,372 lei, out of which the amount of 13,481,689 lei was cashed till the end of December 2015, and the difference of 1,123,683 lei was cashed in January, 2016.

The Investment property have the following structure:

Investment property	Land	Plants	Total
Iasi	28,136,827	8,265,986	36,402,813
Buzau	2,026,350	1,884,621	3,910,971
Stefanesti	2,738,398	2,468,365	5,206,763
Total	32,901,575	12,618,972	45,520,547

At the end of 2015 were evaluated assets classified as Investment Property resulting a negative difference of 796,486 lei; the amount was recorded directly in the Profit and Loss Account.

Financial Assets hold 8.05% of Total Assets, and 10.57% of Non-current assets.

As at 31.12.2015, S.C. ROMCARBON S.A. held shares in other companies totalizing 22,863,010 lei, as follows :

Societate	Total number of shares	Nomin al Value (lei)	Social capital (lei)	Social capital held (lei)	No. of shares held by RCB	Acquisitio n value of the shares (lei)	Participat ion quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,857,287	100.0000%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.0000%
LIVINGJUMBO INDUSTRY SA	200	4,032	806,400	798,336	198	1,639,232	99.0000%
GREENSORT RECYCLING SRL	4,000	10	40,000	20,400	2,040	20,400	51.0000%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.3354%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.3333%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.3596%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	4.8097%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.7905%
TOTAL						23,540,137	

Starting with february 2015, SC Romcarbon SA has increased its participation quota in RC Energo Install SRL' s share capital from 99.50 % to 100% by purchasing a share for which it paid the amount of 13,122 lei.

TOTAL COMMERCIAL MANAGEMENT SRL started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 02.04.2015 on the ground of art.227 lit.D and art.235 of Companies Law (31/1990). In June the company was erased from Commerce Registry Office.

According to the credit contract concluded by Taipei Cimeo SRL with UniCredit Tiriac Bank SA, SC Romcarbon SA, as guarantor of Taipei Cimeo SRL, paid on 09 July 2015 the amount of 377,458 lei representing the outstanding loan of Taipei Cimeo SRL. On 24 August 2015 Taipei Cimeo SRL paid back to Romcarbon SA the amount of 56,800 lei.

On 26.08.2015 SC Taipei Cimeo SRL started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 26.08.2015 on the ground of art.227 lit.D and art.235 of Companies Law (31/1990).

On 27.04.2015 S.C POLYMASTERS CHEMICALS SA started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 27.04.2015 on the ground of art.227 lit.D and art.235 of Companies Law (31/1990). The company paid to Romcarbon SA the amount of 64,314 lei representing the partial capital repayment.

As at 31.12.2014 it was acknowledged an impairment of financial assets and consequently the following adjustments were made:

Company	Participation	
	quota (%)	Adjustment
ROMCARBON DEUTSCHLAND GmbH		110,138
GREENSORT RECYCLING SRL	51.00%	738
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
Total		677,127

Current assets hold 23.85% of total assets recording an increase of 9,711,743 lei, i.e.16.72% as compared with the beginning of the year.

Current assets	2015	% in total CA	% in Total Assets	2015 vs. 2014
Inventories	20,499,859	30.24%	7.21%	13.23%
Trade and other receivables	33,963,166	50.10%	11.95%	15.52%
Amounts to received from the related parties - financial	-	0.00%	0.00%	-100.00%
Current tax assets	70,497	0.10%	0.02%	-46.35%
Other assets	366,752	0.54%	0.13%	48.81%
Cash and bank balances	12,888,836	19.01%	4.54%	34.82%
Total	67,789,110	100.00%	23.85%	16.72%

Total Liabilities hold 53.57% of the company's Equity&Liabilities recording an increase of 37,209,194 lei, i.e. 32.35% as compared with the beginning of the year.

Loans

As at 31.12.2015 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	CCY	Initial amount	Balance as at 31.12.2015		Maturity
				in euro	in euro	
UniCredit Bank	Overdraft	EUR	€ 3,450,000	€ 3,124,462	02/07/2016	
UniCredit Bank	Overdraft	EUR	€ 2,500,000	€ 2,257,192	04/07/2016	
BRD GSG	Overdraft	EUR	€ 2,550,000	€ 2,153,153	30/09/2016	
BRD GSG	Investment credit (I)	EUR	€ 2,058,000	€ 1,138,468	01/03/2018	
BRD GSG	Investment credit (II)	EUR	€ 1,000,000	€ 689,618	03/09/2022	
BRD GSG	Investment credit (III)	EUR	€ 3,153,160	€ 2,740,246	03/02/2022	
UniCredit Bank	Investment credit - CCE 2015	EUR	€ 3,042,240	€ 2,967,420	04/12/2023	
UniCredit Bank	Bridge loan - CCE 2015	EUR	€ 2,133,369	€ 2,074,003	31/03/2016	
Total loans in euro			€ 19,886,769	€ 17,144,561		

Bank	Type	CCY	Initial amount	Balance as at 31.12.2015		Maturity
				in lei	in lei	
UniCredit Bank	VAT Facility- CCE 2015	RON	3,000,000 lei	1,219,561 lei	31/03/2016	
Eximbank SA	Investment credit	RON	6,142,500 lei	3,054,174 lei	20/06/2022	
Total loans in lei			9,142,500 lei	4,273,735 lei		

Short term loans, totalizing 44,694,620 lei, have the following structure :

Bank	Type	CCY	Initial Amount	Balance as at 31.12.2015	
				in euro	in lei
UniCredit Bank	Overdraft	EUR	€ 3,450,000	€ 3,124,462	14,136,626 lei
UniCredit Bank	Overdraft	EUR	€ 2,500,000	€ 2,257,192	10,212,665 lei
BRD GSG	Overdraft	EUR	€ 2,550,000	€ 2,153,153	9,741,940 lei
UniCredit Bank	Bridge loan - CCE 2015*	EUR	€ 2,133,369	€ 2,074,003	9,383,827 lei
UniCredit Bank	VAT Facility - CCE 2015*	RON	3,000,000 lei	€ 0	1,219,561 lei
Total short term loans				€ 9,608,809	44,694,620 lei

Note : In January 2016 it were fully repaid the balances of the Bridge loan and VAT Facility.

Long term loans, totalizing 32,479,716 lei ,have the following structure :

Bank	Type	CCY	Balance as at 31.12.2015		< 12 Months	>12 Months
			in euro	in lei		
BRD GSG	Investment credit (I)	EUR	€ 1,138,468	5,150,999 lei	2,377,384 lei	2,773,615 lei
BRD GSG	Investment credit (II)	EUR	€ 689,618	3,120,175 lei	- lei	3,120,175 lei
BRD GSG	Investment credit (III)	EUR	€ 2,740,246	12,398,244 lei	2,038,068 lei	10,360,176 lei
UniCredit Bank	Investment credit - CCE 2015	EUR	€ 2,967,420	13,426,091 lei	- lei	13,426,091 lei
Eximbank SA	Investment credit	RON		3,054,174 lei	254,514 lei	2,799,659 lei
Total long term loans			€ 7,535,752	37,149,682 lei	4,669,966 lei	32,479,716 lei

These loans are guaranteed by mortgages on land and plants, pledges on equipment, security mortgage on current bank accounts, receivables assignments.

Current liabilities of the Company, representing 54.30% of the Total Liabilities and 29.09% of Total Equity & Liabilities have increased with 7,276,029 lei as compared with 31.12.2014, i.e. 9.65%, have the following structure:

Current liabilities (CL)	2015	% in total liabilities	% in Total CL	2015 vs. 2014
Trade and other payables	30,928,649	20.32%	37.41%	7.02%
Borrowings ST	49,364,586	32.42%	59.71%	15.33%
Short term finance leases and other interest bearing obligations	1,326,030	0.87%	1.60%	-16.53%
Deferred revenue	16,798	0.01%	0.02%	101.89%
Other liabilities	1,031,788	0.68%	1.25%	-50.70%
Total	82,667,851	54.30%	100.00%	9.65%

Non-current Liabilities representing 24.48% of the company's Equity&Liabilities were registered in the reporting period an increase 29,933,165 lei, i.e. 75.51%, as compared with 31.12.2014, have the following structure:

Non-current liabilities	2015	% in total liabilities	% in Total NCL	2015 vs. 2014
Borrowings LT	32,479,716	21.33%	46.68%	118.83%
Long term finance leases and other interest bearing obligations	1,578,121	1.04%	2.27%	-41.66%
Deferred tax liabilities	11,041,869	7.25%	15.87%	0.00%
Deferred income	24,475,344	16.08%	35.18%	121.45%
Total	69,575,050	45.70%	100.00%	75.51%

Total Equity hold 46.43% of Total Equity&Liabilities having the following structure:

Equity	2015	2015 vs. 2014
Issued capital (264,122,096 shares at 0.10 lei per share)	26,412,210	0.00%
Share premium	2,182,283	0.00%
Reserves	48,956,710	-0.94%
Retained earnings	54,384,433	13.94%
Total Equity	131,935,636	4.92%

II. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE ITEMS

Item	2014	2015	2015 vs. 2014	
Revenue	157,939,374	176,702,913	▲	18,763,539 12%
Investment income *	39,546,850	8,342,326	▼	- 31,204,524 -79%
Other gains and losses	310,664	-898,497	▲	- 1,209,160 -389%
Changes in inventories of finished goods and work in progress	1,776,904	1,538,064	▼	- 238,840 -13%
Raw materials and consumables used	-123,301,848	-134,762,781	▲	- 11,460,932 9%
Depreciation and amortisation expenses	-8,589,905	-7,106,832	▼	1,483,073 -17%
Employee benefits expenses and social charges	-15,363,377	-18,755,367	▲	- 3,391,990 22%
Tax contributions related to employee benefits	-4,259,181	-4,419,970	▲	- 160,789 4%
Finance costs	-2,647,538	-2,114,646	▼	532,892 -20%
Other income	1,560,493	1,182,234	▼	- 378,259 -24%
Other expenses	-10,274,552	-11,508,736	▲	- 1,234,184 12%

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Profit (loss) before tax	36,697,883	8,198,709	▼	- 28,499,175	-78%
Income tax expense	-484,646	0	▼	484,646	-100%
Profit (loss) of the year	36,213,237	8,198,709	▼	- 28,014,529	-77%
Total comprehensive income	36,213,237	8,198,709	▼	- 28,014,529	-77%

*Investment income – details:

Item	2014	2015
Rental and royalty income	2,513,884	2,532,570
Interest income	52,324	20,401
Investment income (dividends) - Total Commercial Management	14,885	0
Investment income (dividends) - Recyplat	35,478,880	4,698,776
Investment income (dividends) - Yenki	1,877	0
Investment income (dividends) - Infotech Solutions	0	100,579
Investment income (dividends) - LivingJumbo Industry	1,485,000	990,000
Total	39,546,850	8,342,326

III. TURNOVER (Sales)

Sales	2013		2014		2015		2015 vs. 2014	
	Amount	% in total	Amount	% in total	Amount	% in total		
Sales of finished goods	85,102,725	59.76%	98,515,325	61.40%	108,853,984	60.73%	▲	10.49%
Sales of intermediary goods	25,108	0.02%	374,422	0.23%	170,908	0.10%	▼	-54.35%
Services rendered	144,095	0.10%	80,677	0.05%	228,525	0.13%	▲	183.26%
Sale of goods purchased for resale	50,346,451	35.35%	56,436,094	35.17%	64,883,624	36.20%	▲	14.97%
Rental and royalty income	3,701,812	2.60%	2,513,884	1.57%	2,532,570	1.41%	▲	0.74%
Revenues from sundry services	3,098,988	2.18%	2,532,857	1.58%	2,565,872	1.43%	▲	1.30%
Total, of which:	142,419,180	100.00%	160,453,258	100.00%	179,235,483	100.00%	▲	11.71%
Domestic Market	122,661,089	86.13%	137,356,336	85.61%	150,134,472	83.76%	▲	9.30%
Export	19,758,092	13.87%	23,096,922	14.39%	29,101,011	16.24%	▲	26.00%

Note: Turnover comprises the item Revenue from Profit and Loss Account, plus Rental and royalty income which is comprised in Investment income.

IV. FINANCIAL RATIOS

Economic and financial performance of SC Romcarbon SA registered in the reporting period can be assessed through the following indicators.

Item	2013	2014	2015
Net profit	52,135	36,213,237	8,198,709
Profit tax expense(+)	313,139	484,646	0
Interests (expenses) (+)	2,744,353	2,323,401	1,806,009
EBIT	3,109,627	39,021,284	10,004,717
Depreciation (+)	6,459,813	7,411,536	7,106,832
Revenues from investment subsidies (-)	1,187,269	1,560,493	1,182,234
EBITDA	8,382,171	44,872,327	15,929,316

1 Profitability

	Ratio	Formula	2013	2014	2015
a)	EBITDA to Turnover	$\frac{\text{EBITDA}}{\text{Turnover}} \times 100$	5.89%	27.97%	8.89%
b)	EBITDA to Total Equity	$\frac{\text{EBITDA}}{\text{Total Equity}} \times 100$	9.26%	35.69%	12.07%

		Total Equity			
c)	Gross profit ratio	$\frac{\text{Gross profit}}{\text{Turnover}} \times 100$	0.26%	22.87%	4.57%
d)	Total equity ratio	$\frac{\text{Net profit}}{\text{Total Equity}} \times 100$	0.06%	28.80%	6.21%

2 Liquidity Analysis

	Ratio	Formula	2013	2014	2015
a)	Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.55	0.77	0.82
b)	Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	0.40	0.53	0.57

3 Risk Analysis

	Ratio	Formula	2013	2014	2015
a)	Non-current liabilities to Equity	$\frac{\text{Non-current liabilities}}{\text{Total Equity}}$	0.53	0.32	0.53
b)	Debt to asset ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.63	0.48	0.54
c)	Interest coverage ration	$\frac{\text{EBIT}}{\text{Interest expenses}}$	1.13	16.79	5.54

4 Activity Analysis

	Ratio	Formula	2013	2014	2015
a)	Account receivable turnover ratio (days)	$\frac{\text{Average receivable balance}}{\text{Turnover}} \times 360$	87	69	64
b)	Account payable turnover ratio (days)	$\frac{\text{Average payable balance}}{\text{Turnover}} \times 360$	74	63	60

5 Profitability ratios

	Ratio	Formula	2013	2014	2015
a)	Return on assets	$\frac{\text{Net profit}}{\text{Total Assets}} \times 100$	0.0214%	15.0401%	2.8851%
b)	Return on equity	$\frac{\text{Net profit}}{\text{Total Equity}} \times 100$	0.0576%	28.7991%	6.2142%
c)	Return on sales	$\frac{\text{Net profit}}{\text{Cifra de Afaceri}} \times 100$	0.0366%	22.5693%	4.5743%

Note: Preliminary annual financial statements for 2015 are prepared in accordance with International Financial Reporting Standards, are not consolidated and have not been audited.

General Manager,
Andrei Radu



Financial Manager,
Zainescu Viorica Ioana