

SC ROMCARBON SA
Financial Department

Registration no. 2636/20.03.2011

To,
Board of Directors

Regarding the financing of the investment project co-financed by the European Fund of Regional Development - Priority Axis 1:, Development of ROMCARBON SA company by acquiring new equipments" within the Sectoral Operational Programme Increase of Economic Competitiveness (POS CCE) 2007-2013 - Priority Axis 1 - An innovative and eco-efficient production system- Intervention domain D1.1. "Productive investments and preparation for market competition of enterprises, especially SMEs - Operation - Support for strengthening and upgrading the productive sector by tangible and intangible investments. "

I) We hereby present you the structure and the financing sources of the Project:

	Value - in lei-	Value - in eur-	Credit currency
TOTAL PROJECT, including VAT	37,860,168.20	8,507,903	
TOTAL PROIECT, without VAT	30,532,394	6,861,212	
VAT	7,327,774	1,646,691	
Financing sources	37,860,168	8,507,903	
1.Own contribution (15% out of the value of din non-fundable value and non-eligible expenses)	2,389,053	536,866	
2.Non-fundable financing	14,605,371.86	3,282,106	
3.Bank credits, out of which:	20,865,743	4,688,931	
3.1 Financing credit 50 % of the eligible expenses plus the contribution to non-eligible expenses- long term credit;	13,537,969	3,042,240	EURO
3.2 Credit to finance the VAT	7,327,774	1,646,691	LEI
OTHER CREDITS NECESARRY TO DEVELOP THE PROJECT			
L/G for pre-financing 35% out of non-fundable financing	5,111,880	1,148,737	LEI
Bridge loan until receiving the non-fundable financing	9,493,492	2,133,369	EURO
Total credits	35,471,115	7,971,037	

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II) Total value 6,861.212 Eur of purchase within the project consists of:

	Name	Value
1	Line for washing, sorting, crashing PP/PE wasatge	€ 1,281,115
2	Water treatment station	€ 315,000
3	Re-granulating line - capacity min 950 kg/h	€ 1,672,000
4	Re-granulating line - capacity min 530 kg/h	€ 998,464
5	Blow film extruder - capacity min 100kg/h (5 buc)	€ 700,000
6	Blow film extruder - capacity min 190kg/h	€ 800,000
7	Trash bags machine	€ 614,400
8	Calorimetric system	€ 56,923
9	Bolting machine	€ 4,156
10	Density measurement system (in bulk)	€ 2,964
11	Electric hydraulic cup	€ 37,445
12	Electric with clamp	€ 36,205
13	Electric Forklift	€ 45,540
14	Other expenses	€ 297,000
	Total	€ 6,861,212

III We hereby present you the additional investments for the programme "Development of ROMCARBON SA company by acquiring new equipments" (already present in point I) and the financing structure of these investments:

Name	Estimated value	Own sources	Credit
1) Wastage sorting line (second-hand) our of which:	€ 750,000	€ 225,000	€ 525,000
Wastage sorting equipment (second hand) Orastie	€ 250,000	€ 75,000	€ 175,000
Compressor	€ 50,000	€ 15,000	€ 35,000
Check-up, re-calibration of optic sorting device, un-bale device	€ 135,000	€ 40,500	€ 94,500
Refurbishment of building, concrete platform	€ 315,000	€ 94,500	€ 220,500
2) Construction and refurbishment works of production spaces in order to place the equipments from EU funds project: sorting line, water treatment station, extruders	€ 780,659	€ 234,198	€ 546,461
TOTAL ADDITIONAL INVESTMENTS OF THE PROJECT	€ 1,530,659	€ 459,198	€ 1,071,461

IV) We kindly ask for approval within AGEA meeting of:

A) Contracting from BRD GSG SA the following credits necessary to develop the Project:

- Investment credit (long term), in the following financing terms:
 - Value: **3,042,240 Eur** – The credit will cover Romcarbon's contribution to eligible expenses, meaning **2,789,790 Eur** (3,282,106.04 *85%) and 85% of non-eligible expenses, meaning **252,450 Eur** (297,000 Euro *85%).
 - Granting period : 102 luni (out of which 6 months, period to use the credit and another 12 months grace period)
 - Reimbursement: 84 equal monthly installments of 36,217 Eur each
 - Interest rate : Euribor(3M) +2.2% or Robor(3M)+1.50%
 - Granting fee : 0.10% flat
 - Guarantee : the financed equipments
- Bridge loan, granted in the following financing terms:
 - Value: 2,133,368.92 Eur
 - Granting period: maximum 12 months
 - Reimbursement : maximum 12 months
 - Interest rate: Euribor 3M+2%
 - Granting fee: 0.10% flat
 - Guarantee : the financed equipments
- Credit to finance the VAT
 - Value: 7,327,774 Lei
 - Granting period: maximum 12 months
 - Reimbursement : maximum 12 months from granting
 - Interest rate : Robor 3M + 1.5%
 - Granting fee : 0.10% flat
 - Guarantee : The financed equipments
- Letter of credit (L/C) for pre-financing of eligible expenses in amount of 35% from non-fundable value
 - Value: 5,111,880 Lei, meaning 1,148,737 Eur (representing 35% from the value of non-fundable assistance)
 - Granting period: -.....
 - Interest rate: -.....
 - Issue fee : 0.25% flat
 - Risk fee: 0.20% flat
 - Guarantees : one of the buildings already taken into guarantee

Note: Depending on terms in the Financing Contract with the Managing Authority, the procedures for settling payments by AM, the terms in the procurement contracts with suppliers of equipment which are going to be selected following the Procurement procedure, we are going to proceed to resize the credits (Bridge loans, credits to finance the VAT);

B) Investment credit taken from EXIMBANK SA for financing expenses additional to the contact, granted in the following terms:

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- Value: 4,815,000 lei, meaning 1,070,000 Eur representing 70% from the financing of investments not included in the project, meaning a total value of 1,530,659 Euro – representing expenses to modernize the production hall and purchase of a second-hand sorting line
- Granting period : 96 months (including 6 months period of use and another 6 months grace period)
- Reimbursement : 84 monthly equal installments
- Interest rate : Robor(1M) +1.60%
- Granting fee : 0.10% flat
- Guarantees: movable and imovable guarantees which cover at least 110 % from the value of the credit: blank promissory note, without protest.

➤ Following the above, we kindly ask you to approve the increase of existing bank exposure, at the moment of this present decision by 5,175,609 Euro and 17,254,654 Lei.

Please empower the General Manager and the Financial Manager of the Company to sign all and any documents required (credit contracts, contracts of guarantee etc.) for carrying out those determined during the Board of Directors meeting, as well as their assignment to negotiate and decide, if applicable, any changes in credit conditions (including but not limited to modification / constitution of guarantees, commissions, interest, effective amount of loans and any other conditions relating to loans etc.) mentioned in informative material, that could occur until the actual contracting of the bank commitments above.

Thank you!

General Manager,
eng. Andrei Radu



Financial Manager,
Ec. Zăinescu Viorica