

ANNUAL REPORT OF THE DIRECTORS

drafted in compliance with the Regulation No1/2006 of the National Commission of Movable Assets

for the financial year
2015

CARBOCHIM S.A. (JOINT – STOCK COMPANY) CLUJ-NAPOCA

Registered Office:

Telephone number:

Facsimile:

Tax Code (VAT No.) :

Registration number with the Trade Register Office:

Subscribed and paid up share capital

E-mail:

Website:

CLUJ-NAPOCA

Piata 1 Mai No. 3

00 40 264 437005

00 40 264 437026

RO 201535

J 12/123/1991

12.325.437,50 lei

Sales@carbochim.ro

www.carbochim.ro

Date of the report – March 12th, 2016

The organized market for the transaction of issued movable assets:

The Carbochim S.A. shares are traded on the 2nd category of the Bucharest Stock Exchange

The main features of the movable assets issued by the trading company:

On December 31st, 2015, the situation was as follows:

-Number of shares: 4.930.175

-Par value: 2,5 lei/share

-Share capital :12.325.437,50 lei

-Nominal shares issued in dematerialized form and recorded in the independent Registry Depozitarul Central S.A., according to contract no. 42757 of September 16th, 2008.

1. Analysis of the company's activity

1.1. a) Description of the main company activity.

- Carbochim SA (Joint – Stock Company) operates as a joint – stock company, in compliance with Law 31 / 1990, new edition, with subsequent amendments and additions, having as main activity „ Production of abrasive products and their trading” according to NACE 2391.

b) Year when the company was founded:

CARBOCHIM S.A. has been organized as a joint – stock company since 1991, through change - over of the former I.I.S. CARBOCHIM and it has the registered office in ROMANIA, city of CLUJ – NAPOCA, Piata 1 Mai no.3.

The company has been initially founded in 1949 for the manufacture of coal products, and, through successive investments the company's scope of activity changed to the manufacture and trading of abrasive products: abrasive items with ceramic binder, abrasive items with resinoid binder, abrasive items with elastic binder, mineral binder, abrasive disks for delivery and burr, paper support abrasives, cloth, combined support and vulcanized fiber. At the same time, the company's range of services provides internal and external trading activities, provision of services regarding maintenance and repair of equipment, tenancy contracts.

c) Description of any merger or significant reorganization of the trading company, branches, subsidiaries or controlled companies during the financial year.

Not applicable. During the 2015 financial year the report has been drafted for, the company performed no merger or significant reorganization.

d) Description of acquisitions and / or alienation of assets

Assets purchasing:	3.430.568 lei
-Land	97.000 lei
-Buildings (acquisitions and improvements):	85.903 lei
-Technological Equipment:	2.300.498 lei
-Transportation means	766.070 lei
-Furniture, office equipment, protection equipment	43.261 lei
-IT license	9.878 lei
-Other intangible assets	27.958 lei
Assets sales (transportation mean):	56.706 lei
Cassation of assets	30.646 lei

e)Description of the main results of the trading company activity assessment.

Year 2015 has been a good year and the increase of demand during the 1st semester led to the increase of sales with positive influence over the results of our company's activity.

1.2. General elements of assessment:

INDICATOR	2015/ lei
<i>Net Profit</i>	2.728.565
<i>Turnover</i>	31.807.845
<i>Export or EU deliveries</i>	634.314
<i>Operational Revenues</i>	34.490.558
<i>Operational Expenses</i>	31.010.950
<i>% of held market (in Romania)</i>	25%
<i>Liquidities (cash and cash equivalency on December 31st, 2015)</i>	1.867.879

1.3. Assessment of the trading company's technical level.

Description of main products and / or services as specified:

The company Carbochim SA manufacture a wide range of abrasive products, such as:

- binder abrasive items: ceramic, organic, mineral and elastic;
- disks for delivery and burr;
- paper support abrasive, cloth: endless tapes, rolls, sheets, plain disks, blade disks and so on.

At the same time, the company is engaged in various collaboration contracts with other abrasive manufacturers in order to add to the range of products.

a)Main markets for each product or service and methods of supply.

The main market for our products is the domestic market and products' supply is performed both directly by the company and through representation offices and authorized dealers.

On the international market sales are made directly by the company.

The company export mainly to: Poland, Belgium, Switzerland, Hungary, Germany, Slovakia, Czech Republic and Egypt.

b) Market penetration of each category of products or services in the revenues and the aggregate turnover of the trading company for the last three years.

CARBOCHIM PRODUCTS	2013		2014		2015	
	% revenues	%CA	% revenues	%CA	% revenues	% C.A.
Abrasive Items	58,50%	56,00%	58,07%	55,08%	51,10	55,41
Support Abrasive	38,65%	37,00%	39,57%	37,53%	33,77	36,61

c) the new products that a substantial quantity of assets shall be meant for in the future financial year, as well as the development stage of these products.

Considering the great competition of abrasive products with regards to the retail market and small profitability, the company chose to develop abrasive products that are used in the automotive, bearing and metallurgic industry and other type of industries as well.

1.4. Assessment of the technical and material supply (indigenous sources, import sources). Determination of information regarding the safety of the supply sources, prices for raw materials as well as the volume of raw materials' and materials' stocks.

Main utilities, such as electricity and gas are purchased from the domestic market. A part of the basic raw materials are imported (China, Turkey, Korea, Germany, Italy, Hungary, Austria, Poland, Slovenia, Czech Republic, and France). As a rule, there are at least two suppliers for each raw material.

The raw materials stock are generally within regular limits, except for the ones supplied from China or the ones with extended manufacture cycle, in such case a stock being formed for two or three months in order to avoid cessation of manufacture due to extended delivery terms.

1.5. Assessment of the Sale Activity.

a) Description of sequential sales' evolution on the domestic and / or international market and of the mid and long term sale perspectives.

Goals for 2016 :

- increase of aggregate sales by a minimum 3% as opposed to 2015;*
- increase of sales on the international market by at least 3%*
- direction towards performance of our own supply system by efficiently using the resources within our working units - Ploiesti; Braila; Brasov; Bucharest.*

In 2015 the company's activity has been performed in an overall stable environment, fact that led to the exceeding of the sales objective for this period.

- b) Description of the competitive situation in the activity area of the trading company, the, of the market penetration of the company's products or services and of the main competitors.**

Carbochim SA performs its activity in a stable competitive area where amendments emerge with regards to the component "price policy" promoted by the competitor companies. In this context, we believe that the situation at the level of 2016 shall have the same competitive profile with that of the previous years, and minor amendments that might occur shall not be a threat of the adopted marketing policy.

- c) Description of any significant dependency of the trading company towards one client or a group of clients, whose loss would negatively impact on the company's revenues.**

Considering the company's large of product, as well as the fact the company has many clients, there is no client who could affect the company's activity from the revenues point of view. On the domestic market, there is an extended area of commercial partners who contribute to the company's sales. Nonetheless, none of them has the potential to negatively influence the company's performance

1.6. Assessment of aspects related to the company's human resources.

- a) Specification of the number and level of professional training of the company's employees and of the extent to which manpower relates to the idea of a union.**

The average number of employees in 2015 was 235.

Over 47 % of the employees have been working in the company for more than 2-3 decades, fact the provides the company with vast and thorough experience in the manufacture and sale of abrasive products.

The education level of the employees is as follows:: 28% academic studies, 67 % high- school studies (high school, vocational schools), 5% general studies.

60% of the company's employees have joined a union.

- b) Description of the relations between management and employees as well as any disputes that characterize such relations.**

The relations between management and employees in 2015 did not include disputes and were professional. A Collective Labor Contract has been entered at company level and such contract is renegotiated every year.

1.7. Assessment of aspects related to environmental impact on the company's activity.

The company holds all environment licenses and authorizations for the performed activity. There are no pending court actions and there is no prospect of such action due to breach of legislation regarding the environment protection. The company is certified according to ISO 9001:2008 and ISO 14001:2005, having an integrated quality – environment system.

1.8. Assessment of the Research and Development Activity

Research and development activity is directed towards:

- design and homologation of new products, especially the ones required by the industry;*
- technological design and development required by the clients' high quality and technical claims;*
- technological improvement by assimilating available raw materials, considering the main objectives of the company, namely cost decrease, increase of products' quality and meeting clients' requirements.*
- introduction of new, competitive materials for manufacture with significant cut of power;*

1.9. Assessment of company activity with regards to risk management.

As any player on the competition market, the company is always exposed to price amendments regarding raw materials, gas, electricity as well as to local or global evolutions of prices for finished products, as well as to evolutions of the currency exchange rates.

IN 2015 as well, the company has been exposed to the following types of risks:

- Currency risk. *The company is exposed to the currency risk due to exposure to certain estimates, especially USD and EURO. The currency risk is associated to undertaken assets and liabilities, especially loans.*

The company does not make formal mitigation actions of the currency risk related to its operations; therefore, the Company fails to apply the accountability of protection against the risk. The impact of this risk on the profit and loss account in 2015 has been of -104.068 lei.

The impact on the profit and loss account in the hypothesis of EURO value increase by 105 applied on the balance date, with all other variables being steady would be of -412.459 lei .

The strong RON depreciation reported to USD that has occurred during 2015 has influenced the 2015 profit and loss account, considering that an important part of the raw materials are supplied from China.

- Risk of the interest rate. *The company is exposed to the risk of interest rate through its long and short term loans, most of which have variable rates, related to the ROBOR index for the loans and to the EURIOBOR index for the loans in EURO. The company has interest bearing loan contracts with Unicredit Tiriatic Bank, Piraeus Bank Romania and with Raiffeisen Bank. On December 31st, 2015, a possible increase of the interest rate by 1 % would impact on the revenues and expenses by -976 lei.*

-Risk of price *that represents the risk that the value of a financial instrument might fluctuate due to change of prices on the market. A slight price increase has occurred in 2015, due to inflation and the Euro – USD exchange rate.*

-Risk of credit, *is especially related to the cash flow and cash equivalent values and to the commercial receivables. The company has set a series of policies whose enforcement secure the company which sells products and services to reliable clients. The accounting value of the receivables, net for provisions of uncertain receivables, represents the maximum value exposed to the risk of loans.*

The risk of credit of commercial receivables which are neither provisioned nor outstanding may be assessed through internal analyses, considering that there is no external information regarding the risk indicators for the clients.

-Risk of liquidities,

The safe liquidities management involves maintaining enough cash and funds availability through a proper assessment of engaged credit facilities.

Prospects regarding the treasury flow are made by the company's financial department that monitors prospects regarding the company's liquidities requirement, in order to make sure that there is enough cash to meet operational requirements, permanently maintaining, at the same time a sufficient margin for the unused loan facilities, in order for the company not to breach loan margins or the agreements related to loans for all loan facilities.

1.10. Perspective elements regarding the company's activity.

The main uncertainty element for 2016 as well that might affect the company's liquidity compared to 2015 might be the extended payment terms of our clients due to the lack of liquidity on the market.

1.11. Statement regarding Code of Corporate Governance.

Carbochim SA has shares listed with the Buchares Stock Exchange. Therefore, the company enforces all legal provisions in effect: Law 31 / 1990 updated, Order of the Ministry of Public Finance 1286/2012 for the approval of Accounting regulations according to International Financial Reporting Standards, Regulation CVNVM no.1/2006 regarding reporting, Law 297/2004 regarding the capital market, regulations of the Bucharest Stock Exchange and so on. All of the above are public documents.

Up to the date of drafting of the herein report the Company did not adhere the Code of Corporate Governance issued by the Bucharest Stock Exchange in 2015. The company started all required actions in order to join such code. The Board of Directors shall analyze and decide on the conditions and influences regarding adherence to the Code of Corporate Governance.

The stage of complying with the Bucharest Stock Exchange Code of Corporate Governance has been presented by the Company in the Current Report of January 22nd, 2016, report that may be found on the site www.carbochim.ro , in the section About us/ Shareholders/ Year 2016/ Miscellaneous

The company's accounting complies with the legislation in force and the company owns an integrated IT system.

Financial reports are drafted in compliance with observing accounting policies legally adopted by the company and the legislation in force, which are checked and approved by the Economic Manager, the General Manager and the Board of Directors, if required.

Considering that the company Carbochim SA should have been the object of a public procurement offer, as defined by the law with regards to the capital market, the company's Board of Directors decided on April 28th, 2015 to suspend the performance of all rights related to movable assets held by the following shareholders identified as acting together and under article 203, paragraph(2) of Law 297/2004 and article 70 of CNVM Regulations no. 1/2006 : SC Electroarges SA, Curtea de Arges holder of 611.133 shares , SC Scop Line SA, Galati holder of 342.600 shares, SC Materiala Com SA , Galati holder of 180.200 shares, SC Alfaline SA, Galati holder of 145.000 shares, Marchis Corina-Andreea , Dej holder of 130.200 shares and Papadopol Ramona, Galati holder of 14.014 shares .

Within Carbochim SA there is a system of internal control, and there are work procedures set for the main activities.

The tasks of the internal control body are, without being limited to, the following:

- to examine legality, regularity and conformity of operations;*
- to identify errors, waste, improper management and to suggest measures and solutions to make up for the damage and to punish the guilty, as applicable;*
- to overview the operation of systems by planning decisions, scheduling, organization, coordination, follow up and control of decision fulfillment;*
- to assess efficiency and effectiveness by which the management and execution bodies of the company use financial, human and material resources in order to met the objectives and acquire results.*

The structure and operation manner of management and overview bodies is compliant with the legislation in force and the Company's Articles of Incorporation. The General Meeting of Shareholders is the management body of the company that decides on its activity and sets the economic and commercial policy of the same. General Meetings are ordinary and extraordinary and their assignments are set by the Articles of Incorporation. The company is managed by a Board of Directors, composed of 5 directors that may also be shareholders, elected within the General Shareholders' Assembly for a 4 year period, with possibility of reelection for the same amounts of time. On its first meeting the Board of Directors elects its members and a president. The president of the Board of Directors is the General Manager, pursuant to his / her mandate. The executives are appointed by the General Manager and subordinate to the same. The composition of the Management and Administration bodies is presented at point 4 of the report.

The internal audit activity is externalized by a contract with the company Delta Consult SRL , Cluj.

Internal Audit directly subordinates to the Company Board of Directors.

The company has a contact with a licensed financial auditor, in compliance with the legal provisions, and such auditor checks on the financial statements according to the legal provisions in force.

The General Assembly is invested with the responsibilities provisioned by Law 31/1990, with subsequent amendments and by the Articles of Incorporation in force at the time the Meeting is held.

Operation of the General Meeting of Shareholders and its assignments comply with the legislation in force and the company's Memorandum of Association.

Rights of the shareholders and their enforcement are provisioned by the applicable law.

2. Company's tangible assets

2.1. Specification of the location and main features of the manufacture units within the company's property.

The company's manufacture units are located in Cluj – Napoca, P-ta 1 Mai, nr.3.

The two manufacture units of Carbochim S.A. are:

The Department of Abrasive Items with a capacity of 3000 t/year.

The Department of Support Abrasives with a capacity of 4000 thousand square meters / year.

2.2. description and Analysis of the company's property wear and tear.

The average wear and tear is about 39%, considering that there are asses of 1965-1970, and of 2000-2015.

What is of importance is the fact that a large part of the properties (constructions) were built between 1973 and 1979 and they are in good shape. At the same time, all tools and installations are in good operation conditions and allow for a superior manufacture level.

2.3. Specification of potential issues related to the ownership right over the company's tangible assets.

Not applicable.

3. Market of movable assets issued by the company

3.1. Specification of Romanian and foreign markets where movable assets issued by the company are negotiated.

The company issues nominal shares, traded on the 2nd category of the Bucharest Stock Exchange.

3.2. Description of company's commercial policy with regards to dividends. Listing of earned / paid / accumulated dividends for the last 3 years, and, if applicable, of the reasons of dividends' decrease during the last 3 years.

During the past years, the company's policy was that of allotting dividends to the shareholders to the extent to which recorded results allowed for such allotment.

Situation of allotted and paid dividends for the last 3 years:

-in 2013 no dividends have been allotted due to both the small profit of 2012, but mostly due to the registration in the reported result of certain losses owed to the Application of International Financial Reporting Standards for the drafting of Financial Statements of 2012. In 2013 dividends amounting to 15.675 lei have been paid, out of the dividends that have been allotted and unpaid during prior years.

-in 2014, dividends amounting to 388.239,90 lei have been allotted out of the net profit of 2012 (77.647,98 lei) and out of the net profit of 2013 (310.591,92 lei), (aggregate gross dividend / share 0,10lei) . In 2014 dividends amounting to 214.959 lei have been paid.

-in 2015 dividends amounting to 936.733,25 lei have been allotted (gross dividend 0,19 lei/share) out of the 2014 net profit, in compliance with the Resolution of the Ordinary Meeting of Shareholders no. 1 / April 28th, 2015.

In 2015 shareholders have been paid net dividends amounting to 828.191,50 lei and the tax per dividends retained to source amounting to 130.445 lei has been paid to the state budget.

3.3. Description of any company's activities to purchase own shares.

Not applicable. The company did not purchase its own shares in 2015.

3.4. If the company has branches, the number and par value of shares issued by the mother company and owned by the branch.

Not applicable. The company does not have any branches, but it opened four secondary business offices in Braila, Ploiesti, Bucharest and Brasov.

3.5. If the company issued bonds and / or other debentures, presentation of the manner in which the company pays its debts considering such movable assets.

Not applicable. The company did not issue bonds or other debentures.

4. Management of the company.

4.1. List of directors of the company and the following information regarding each director:

During 2015 the company has been managed by a Board of Directors composed of 5 members, appointed pursuant to a management mandate for 2013 – 2017, in compliance with the resolution of the Ordinary General Meeting of Shareholders no. 3/April 26th, 2013.

- a) Resume (name, age, professional qualification, professional experience, position and seniority).*
- b) Any agreement, understanding, family relationship between the respective director and another person due to whom that person was appointed as director;*
- c) Participation of the director to the company's share capital;*
- d) List of persons affiliated to the company.*

4.1.1. POPOVICIU VIOREL DORIN, a member of the Board of Directors and the President of the Board of Directors between January 1st, 2015 and December 31st, 2015. He is 61 years old and he is an engineer.

- a) All positions held between the company are as follows: engineer, intern, main engineer, manager, general manager, 37 year seniority.*
- b) Not applicable.*
- c) On December 31st, 2015 he was the holder of 283.466 shares.*
- d) Presented in Note 22 to the Financial Statements and in the annex to the herein report.*

4.1.2. POPA GHEORGHE TITUS DAN, member of the Board of Directors between January 1st, 2015 and December 31st, 2015. 61 years old, engineer.

- a) Never did and still does not hold another position in the company..*
- b) Not applicable..*
- c) He was the holder of 583.668 shares on December 31st, 2015.*
- d) Presented in Note 22 to the Financial Statements and in the annex to the herein report*

4.1.3. CRISAN VIOREL VASILE, member of the Board of Directors between January 1st, 2015 and December 31st, 2015. 66 years old, economist.

- a) No other positions within the company.*
- b) Not applicable.*
- c) he was the holder of 7.609 shares on December 31st, 2015.*

d) Not applicable.

4.1.4. IONESCU MIRCEA-PIETRO, member of the Board of Directors between January 1st, 2015 and December 31st, 2015. 59 years old, engineer.

a) No other positions within the.

b) Not applicable.

c) he was the holder of 1.238.396 shares on December 31st, 2015.

d) Not applicable. .

4.1.5. TURCU IACOB OVIDIU, director and member of the Board of Director between January 1st, 2015 and December 31st, 2015. 65 years old, engineer.

a) No other positions within the company.

b) Not applicable. .

c) He was the holder of 164 shares on December 31st, 2015.

d) Presented in Note 22 to the Financial Statements and in the annex to the herein report.

4.2. List of company's executives. The following information is put forward for each one of them.

Executive management is provided for by a general manager who performs his / her duties pursuant to a mandate contract entered with the Board of Directors and a team of 3 executives.

a) Time when the respective person is an executive of the company;

b) Any agreement, understanding, family relationship between the respective person and another person due to whom that person was appointed as executive;

c) participation of that person to the company's share capital.

4.2.1. POPOVICIU VIOREL DORIN, general manager.

a) Employment Contract for 2013-2017

b) Not applicable.

c) He was the holder of 283.466 shares on December 31st, 2015.

4.2.2. BARABULA MIHAELA MARIA, Economic manager

a) Permanent employment contract

b) N/A.

c) N/A.

4.2.3. FARCAS VASILE, Marketing and Sales Manager

a) Permanent employment contract

b) N/A.

c) N/A .

4.2.4. CAREAN NASTASIA, Technical – Manufacture manager

a) Permanent employment contract

b) N/A.

c) N/A .

4.3. With regards to all persons presented at point 4.1 and 4.2 specification of potential disputes or administrative procedures they have been involved in during the past 5 years, regarding their activity within the company, as well as information regarding the capacity of these persons to fulfill duties within the company.

Not applicable due to the fact that none of the above have been involved in disputes as specified above.

5. Financial – accounting situation. .

Presentation of the comparative economic – financial situation d for the last 3 years, regarding:

a) balance sheet elements: assets that stand for at least 10% of the aggregate assets; cash and other liquidities; reinvested profits, aggregate assets; total of liabilities.

The overall situation of assets is the following:

		2013	2014	2015
Total of assets	<i>lei</i>	62.836.058	62.918.430	79.228.952
Stocks	<i>lei</i>	11.326.706	11.186.268	11.959.107
Stocks	<i>%</i>	18,02	17,78	15,09
Commercial receivables	<i>lei</i>	6.633.835	7.468.650	6.883.973
Commercial receivables	<i>%</i>	10,56	11,87	8,69
Other assets	<i>lei</i>	134.583	102.347	131.480
Other assets	<i>%</i>	0,21	0,16	0,17
Tax per profit to be currently recovered	<i>lei</i>	906	-	27.080
Cash and cash equivalent value	<i>lei</i>	143.470	182.660	1.867.879
Cash and cash equivalent value	<i>%</i>	0,23	0,29	2,36
Real estate investments	<i>lei</i>	3.736.078	3.736.078	5.779.239
Real estate investments	<i>%</i>	5,94	5,93	7,29
Intangible assets	<i>lei</i>	14.194	18.711	29.281
Tangible assets	<i>lei</i>	40.808.286	40.185.716	52.512.913
Tangible assets	<i>%</i>	64,94	63,87	66,28
Investments in instruments and own capitals	<i>lei</i>	38.000	38.000	38.000

Status of liabilities :

		2013	2014	2015
Total of liabilities	lei	62.836.058	62.918.430	79.228.952
Share capital	lei	9.705.998	9.705.998	12.325.438
Amendments to the share capital	lei	-	-	-
Other components of own capitals	lei	37.570.751	36.542.339	45.785.213
Reported result	lei	4.495.616	6.216.738	7.896.305
Long term loans	lei	4.537	17.624	412.758
Long term provisions	lei	172.490	172.490	172.490
Postponed outstanding tax	lei	2.851.066	2.814.845	4.909.676
Current part of the long term loans	lei	3.270.984	3.119.758	2.929.608
Commercial and other types of debts	lei	4.764.616	4.276.351	4.797.464
Current tax per profit	lei	-	52.287	-

For the 2015 financial year, the annual financial statements have been drafted in compliance with the International Financial Reporting Standards adopted by the European Union, in compliance with provisions of the Order of the Ministry of Public Finance no. 1286 / 2012 for the approval of Accounting Regulations, compliant with the International Financial Reporting Standards, enforceable for trading companies whose movable assets are admitted for trading on a regulated market, with subsequent amendments and additions.

In 2015, the subscribed and paid up share capital increased from 9.705.998 lei to 12.325.438 lei, following the capital increase validated by the Resolution of the Board of Directors no. 2 / January 26th, 2015.

b) The account of profit, gross revenues, elements of costs and expenses with at least 20% share in the net expenses or gross revenues, risk provisions and those for various expenses, reference to any sale or cease of an activity sector performed during the past year or that is to be performed in the following year; declared and paid dividends.

Evolution of the profit and loss account

		2013	2014	2015
Total revenues	lei	29.052.119	30.446.767	34.508.024
Total expenses	lei	-28.580.717	-29.227.613	-31.211.400
Gross profit	lei	471.402	1.219.154	3.296.624
Tax per profit (current and postponed)	lei	-112.221	-176.986	-568.059
Net profit	lei	359.181	1.042.168	2.728.565

Cost elements that account for more than 20% of the total revenues				
		2013	2014	2015
-expenses for raw materials merchandise and consumables	%	38,34	35,59	33,62
-expenses for employees' benefits	%	39,14	39,94	38,49
-expenses for redemption and depreciation	lei	-1.729.639	-1.683.361	-1.577.397
-other operational expenses		-4.092.170	-4.360.192	-4.550.084
-dividends allotted at the end of the period	lei	388.240	936.733	1.972.070*
-dividends paid during the respective year (related tax included)	lei	15.675	214.959	958.637

*proposition of the Board of Directors to allot dividends out of the 2015 net profit within the Ordinary General Meeting of Shareholders of April 2015.

In 2015 there has been no sale or cease of an activity sector and we believe it shall be the same for 2016.

c)Cash flow: all changes occurred at cash level within the basic activity, investments and financial activity, level of cash at the beginning and end of the period.

	2013	2014	2015
Net treasury out of exploitation activities	2.337.372	1.544.446	2.307.915
Net treasury out of investment activities	-699.450	-417.263	-1.237.127
Net treasury out of financing activities	-1.723.350	-1.087.993	614.431
Total cash – flow	-85.428	39.190	1.685.219
Cash at the beginning of the period	228.898	143.470	182.660
Cash at the end of the period	143.470	182.660	1.867.879

In 2013 the investment expenses amounted to a total of 1.159.482 lei and investments amounting to 1.059.169 lei have been completed.

In 2014 the investment expenses amounted to a total of 482.376 lei and investments amounting to 335.008 lei have been completed.

In 2015 the investment expenses amounted to a total of 3.534.906 lei and investments amounting to 3.430.568 lei have been completed.

6.Signatures

Popoviciu Viorel-Dorin – Engineer
 President of the Board of Directors

Barabula Mihaela-Maria - Economist
 Economic Manager

Appendix.

a) *Memorandum of Association, if amended during the reported year.*

Update Articles of Incorporation of January 2015, pursuant to completion of the share capital increase have been conveyed to the Bucharest Stock Exchange and ASF (Financial Surveillance Authority).

b) *Important Contracts entered by the company during the reported year.*

Not applicable

c) *resignation / dismissal documents, if applicable for the directors, executives, independent financial auditor.*

Not applicable.

d) *List of company's branches and of companies controlled by the same.*

Not applicable.

e) *List of persons affiliated to the company, the company traded with in 2015: :*

- CARBOREF SA (Joint – Stock Company)	Cluj-Napoca
-EURO-CLUB SRL (Ltd)	Timisoara
-AUTOEUROPA SRL (Ltd)	Timisoara
-SERVICE AUTOMOBILE 2 SRL (Ltd)	Cluj-Napoca
-DACIA SERVICE FELEAC SRL(Ltd)	Cluj-Napoca

Value of the transactions with the aforementioned companies is presented in the financial statements of 2015.