

S.C ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER OF THE YEAR 2016
(all the amounts are expressed in RON, unless otherwise specified)

	31 March 2016	31 December 2015
ASSETS		
Non-current assets		
Tangible assets	221.492.386	223.013.409
Investment property	947.183	947.183
Intangible assets	1.231.489	1.378.057
Investment in related entities	3.967.606	3.967.606
Other long-term non-current assets	2.323.281	2.244.903
Total non-current assets	229.961.945	231.551.158
Current assets		
Inventories	13.748.965	13.252.615
Trade receivables	56.842.868	54.455.664
Cash and cash equivalents	21.821.858	13.890.488
Financial assets at fair value through profit or loss	-	467.080
Other current assets	2.984.837	2.466.017
Current tax assets	780.927	780.927
Total current assets	96.179.455	85.312.791
Total assets	326.141.400	316.863.949
EQUITY AND LIABILITIES		
Equity		
Share capital	67.603.870	67.603.870
Reserves	211.988.587	212.110.399
Retained earnings	(17.151.711)	(18.801.162)
Other components of equity	(652.317)	(670.842)
Total equity attributable to company shareholders	261.788.429	260.242.265
Non-current liabilities		
Trade payables and other liabilities	2.016.782	1.938.405
Long-term loans	1.017.620	1.017.620
Investment subsidies	5.063.180	5.063.180
Provisions	-	-
Deferred tax liabilities	1.710.137	1.759.901
Total non-current liabilities	9.807.719	9.779.106

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Current liabilities		
Trade payables and other liabilities	31.199.392	34.508.314
Short-term loans	11.341.165	-
Investment subsidies	122.415	163.219
Provisions	11.882.280	12.171.045
Current tax liabilities	-	-
Total current liabilities	54.545.252	46.842.578
Total liabilities	64.352.971	56.621.684
Total equity and liabilities	326.141.400	316.863.949

Eugen Scheusan
Chief Executive Officer

Ilie Frasinianu
Chief Financial Officer

S.C ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER OF THE YEAR 2016
(all the amounts are expressed in RON, unless otherwise specified)

	<u>31 March 2016</u>	<u>31 March 2015</u>
Revenue	58.631.463	106.091.962
Other income	530.541	785.191
Variation in stocks of finished goods and work in progress	5.747.311	5.744.425
Work performed by entity and capitalised	321.395	475.590
Raw material and consumables used	(44.303.632)	(92.427.070)
Expenses related to employee	(7.717.126)	(8.837.703)
Expenses related to depreciation and impairment	(1.814.560)	(2.384.705)
Other expenses	(9.740.843)	(12.756.678)
Other net financial (losses) / gains	(157.851)	15.541
Profit / (Loss) before tax	1.496.698	(3.293.447)
Current income tax expense	-	-
Deferred income tax expense	31.240	(74.550)
Profit / (Loss) of the period	1.527.938	(3.367.997)

Eugen Scheusan
Chief Executive Officer

Ilie Frasinianu
Chief Financial Officer

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FINANCIAL STATEMENT
FOR Q1 2016

Explanatory notes

Financial position

1. **Non-current assets** decreased by 0.7% as compared to 31 December 2015 due to amortization in the first quarter (Q1) of 2016.
2. **Inventories** increased by 3.8% as compared to the statement as at 31 December 2015. This increase is insignificant in comparison with the statement at the end of the previous year. The stock structure is almost the same, a slight increase being recorded for the segment of finished products (specifically, luminaires for public street lighting).
3. **Trade receivables** increased by 4.4% due to the increase of supplier's credit sales.
4. **Cash and cash equivalents** increased by 57% as compared to the statement as at 31 December 2015; at the same time, the credit line is accessed and we have debts to pay on a short term basis.
5. **Other assets** (mainly represented by accrued expenses) increased by 21% as compared to the statement in 2015.
6. **Equity attributable to company shareholders** increased by 0.6% as compared to the statement in December 2015 due to the profit recorded in Q1 2016.
7. **Trade liabilities and other payables** decreased by 9.6% as compared to the statement as at 31 December 2015, mainly as a result of the reduction in the electricity supply business as well as of some legal obligations specific to the end of the year which were paid during Q1 (adjustment of the annual quota of green certificates. The trade liabilities related to the licensed business decreased by 44%, while for the non-licensed business they increased by 45%.

By the date, we have recorded no supplier with a delayed payment term. Furthermore, we have no unpaid debt to the state.

Profit and loss

1. **Total income** decreased by 43% as compared to the same period of the previous year. The main reason for this decrease of income is the restructuring of the electricity supply business (turnover decreased by almost 64% as compared to the same period of 2015). The recorded income generated by the sale of LED lamps and luminaires and other products increases by 45% as compared to the same period of 2015. A 9.4% increase of income was recorded for the rentals of commercial premises.
2. **Total expenditure** decreased by 46% as compared to the same period of 2015 as a result of the reduction of income generated from clients.
3. The Company recorded a **profit** in the first quarter of 2016, totally generated by the non-licensed business. In comparison with the same period of the previous year, the loss recorded by the electricity supply business decreased by 39%.

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FINANCIAL STATEMENT
FOR Q1 2016

To be noted that the financial statements for Q1 2016 have not been subject to audit.

Economic and financial indicators

Indicators	Calculation formula	Value
Liquidity ratio ¹	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.76
Gearing ratio ²		
a.	$\frac{\text{Debt capital}}{\text{Equity}} \times 100$	-
b.	$\frac{\text{Debt capital}}{\text{Invested capital}} \times 100$	-
Days sales outstanding ratio ³	$\frac{\text{SAverage client balance}}{\text{Turnover}} \times 90$	84.7
Asset turnover ratio ⁴	$\frac{\text{Turnover}}{\text{Non – current assets}}$	0.26

Note:

1. **Current liquidity** is the guarantee for covering the current liabilities from the current assets.
2. **Gearing** expresses the efficiency of credit risk management, indicating potential issues related to funding and liquidity, which may influence us in honoring the commitments we have entered into.

Debt capital= Credits for longer than 1 year-period

Invested capital = Debt capital + Equity

3. **Days sales outstanding ratio** expresses the effectiveness of the Company in collecting its receivables, i.e. the number of the days running before the day when debtors pay their liabilities to the Company.
4. **Asset turnover ratio** expresses the efficiency in non-current assets management, following an examination of the turnover generated by a certain quantity of non-current assets.

Eugen Scheusan
 Director General

Ilie Frasineanu
 Director Economic