

3rd TERM 2016 REPORT
(according to CNVM Regulation no. 1/2006, Annex 30)

Report date: **November 15, 2016**

Company name: **S.C. RETRASIB S.A.**

Registered Office: **Sibiu, 156 Ștefan cel Mare Street, Sibiu County**

Telephone number: **0269253269; Fax 0269253279**

Unique taxpayer reference from the Trade Registry Office: **RO 3906360**

Registration number at the Trade Registry: **J 32/16/1993**

Subscribed and paid share capital: **10.001.205,40 lei, nominal value 0,10 lei**

Regulated market where issued securities are traded: **Bucharest Stock Exchange, ticker symbol RTRA**

Introduction

S.C. RETRASIB S.A. Sibiu Company was established under the Government Decision 322/92 by detaching from RENEL-FRE Sibiu the department of equipment repairs and manufacturing of specific products for the electrical energy sector. It operates as joint stock company according to the Law no. 31/1990 republished, as subsequently amended and supplemented. The core business is provided in art. 6 of the Company's Articles of Incorporation and as per NACE Classification, the main business is "Manufacture of electric motors, generators and transformers" – NACE Code 2711.

Within S.C. RETRASIB S.A. Sibiu, the accounting is organized into a distinct department and is compliant with the provisions of the Accounting Law no. 82/1991, the Order of the Ministry of Public Finance no. 881/2012 on application by companies whose securities are admitted for trading on a regulated market of the International Financial Reporting Standards and the Order of the Ministry of Public Finance no. 1286/2012 for approving the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted for trading on a regulated market.

I. ECONOMIC-FINANCIAL STATEMENT

a) Balance sheet elements

- lei-

	01.01.2016	30.09.2016	%
FIXED ASSETS	34.524.006	31.743.966	91,95
CURRENT ASSETS			
INVENTORIES	25.161.083	24.263.247	96,43
ACCOUNTS RECEIVABLES	34.986.709	17.386.087	49,69
SHORT TERM FINANCIAL INVESTMENTS	-	-	
CASH AND CASH EQUIVALENTS	2.137.632	525.315	24,57
TOTAL CURRENT ASSETS	62.285.424	42.174.649	67,71
ADVANCE PAYMENTS	149.167	1.582.135	1060,65
DEBTS DUE WITHIN ONE YEAR	75.777.685	72.125.658	95,18
NET CURRENT ASSETS, RESPECTIVELY CURRENT LIABILITIES	-13.343.094	-28.368.874	
TOTAL ASSETS MINUS CURRENT LIABILITIES	21.180.912	3.375.092	15,93
DEBTS DUE IN A PERIOD GREATER THAN 12 MONTHS	2.139.229	544.837	25,47
PROVISIONS FOR RISKS AND CHARGES	2.035.572	7.318.711	359,54
UNEARNED REVENUE	-	-	
CAPITAL	10.001.205	10.001.205	100,00
SHARE PREMIUM ACCOUNT	-	-	
REVALUATION RESERVES	11.224.156	11.207.604	99,85
RESERVES	4.730.542	4.730.542	100,00
REPORTED RESULT EXCEPT THAT ARISEN FROM THE ADOPTION OF IAS 29	-7.819.748	-8.767.955	
REPORTED RESULT ARISEN FROM THE ADOPTION OF IAS 29	-165.285	-165.285	
NET PROFIT	-964.759	-21.494.567	
PROFIT ALLOCATION	-	-	
OWNERS' EQUITY - TOTAL	17.006.111	-4.488.456	
TOTAL CAPITAL	17.006.111	-4.488.456	

By analyzing the elements of the accounting balance sheet in comparison with the early 2016, the following can be observed:

- On September 30, 2016 the company has in its patrimony fixed assets whose value amounts to 31.743.966 lei which represents 41,85% from the total of assets. Upon the early 2016, the company owned fixed assets with a value amounting to 34.524.006 lei, representing 35,61% from the total of

assets. During the 3 terms of 2016 fixed assets amounting to 1.735.135 lei have been put in operation.

- Inventories amount to 24.263.247 lei represent 31,98 % from the total of assets, whereas at the beginning of the year they added up to 25.161.083 lei, representing 25,95 % from the total of assets. Inventories decreased compared to the beginning of the year by 897.836 lei, the decrease being due mainly to the decrease of the materials inventory.
- Accounts receivables amount to 17.386.087 lei representing 23,03 % from the total of assets, whereas at the beginning of the year they reached 34.986.709 lei, representing 36,08 % from the total of assets. The most important part of accounts receivables is represented by the client balance which amounts to 15.504.764 lei, 90% of the total being invoices issued after June 01 2016. A significant decrease compared to the beginning of the year is noticed, which means a better collection of invoices.
- There are no recorded amounts for short term financial investments.
- Liquid assets have a total value of 525.315 lei, whereas on January 01, 2016 they amounted to 2.137.632 lei, decreasing very much. The most important share from this category is represented by the current bank accounts in lei and foreign currency, in amount of 431.267 lei, whereas at the beginning of the year they amounted to 2.070.860 lei.
- Advance payments on September 30, 2016 amount to 1.582.135 lei, compared to 149.167 lei on January 01, 2016, the most important share is held by the materials considered as non-stocked upon the adoption of a new information program.
- Total current assets on September 30, 2016 = 42.174.649 lei
- Total current assets on January 01, 2016= 62.285.424 lei
- On September 30, 2016 the total of current assets represented 67,71% compared to the total current assets on January 01, 2016.
- Total current liabilities on September 30, 2016 = 72.125.658 lei
- Total current liabilities on January 01, 2016= 75.777.685 lei.
- On September 30, 2016, the total of current liabilities represent 95,18% compared to the total of current liabilities on January 01, 2016.

Company's liabilities compared to the beginning of the year:

- lei-

Type of liability	Balance on January 01,2016	Balance on September 30,2016
1. Long- and medium-term bank loans	2.123.999	530.913
2. Short-term bank loans	36.154.343	36.479.018
3. Bank interests	-	-
4. Other loans and financial liabilities	1.306	-
5. Debts towards companies within the group	11.311.250	12.344.089
6. Corporate tax	-	-
7. Commercial liabilities and advance payments	27.380.372	22.492.539
8. Personnel obligations and similar accounts	530.308	561.695
9. State budget obligations (salary tax, special funds, penalties, other liabilities) and social contributions	401.412	248.317
10. Other liabilities	13.924	13.924
TOTAL	37.178.253	72.670.495

- The debts to suppliers represent 21,69% out of the total debts, and the advance payments from customers represent 9,26% out of the total debts.
- Provisions for risks and charges have been established, the balance on September 30, 2016 being

- There are no unearned revenues.
- Share capital equals 10.001.205 lei.
- Revaluation reserves add up to 11.207.604 lei, the last revaluation having been performed on December 31, 2014.
- The reserves amounting to 4.730.542 lei are composed of: revaluation of sold land 220.226 lei, allocation of profit for 2009, 2010, 2011 and 2013 in amount of 4.510.316 lei.
- At the end of the 9th month of 2016, a loss of 21.494.567 lei has been recorded, whereas on January 01, 2016 the recorded loss amounted to 964.759 lei.

b) Profit and loss account

	30.09.2015	30.09.2016	%
1. TURNOVER	28.190.519	39.155.485	138,90
2. TOTAL REVENUES, OF WHICH:	47.992.602	39.957.554	83,26
OPERATING REVENUES	46.839.584	39.019.919	83,31
FINANCIAL REVENUES	1.153.018	937.635	81,32
EXTRAORDINARY REVENUES	-	-	
3. TOTAL EXPENSES, OF WHICH:	51.647.584	61.452.121	118,98
OPERATING EXPENSES	49.548.412	59.260.793	119,60
FINANCIAL EXPENSES	2.099.172	2.191.328	104,39
EXTRAORDINARY EXPENSES	-	-	
4. GROSS PROFIT OR LOSS(A) OF WHICH:	-3.654.982	-21.494.567	
OPERATING PROFIT OR LOSS	-2.708.828	-20.240.874	
FINANCIAL PROFIT OR LOSS (A)	-946.154	-1.253.693	

By reviewing the profit and loss account, the following can be observed:

- The turnover on September 30, 2016 amounts to 39.155.485 lei, representing 138,90 % compared to the corresponding period from the previous year.
- Total revenues add up to 39.957.554 lei, representing 83,26 % compared to September 30, 2015. The most important share in total revenues is represented by the sold production, representing 97,99% of the total incomes.
- Expenses elements with a share of at least 20% from the total revenues:
 - material expenses adding up to 27.439.565 lei, representing 44,65 % from total expenses.
- Interest amounts equal to 432 lei have been cashed and interest charges in total of 1.125.904 lei have been paid.
- No extraordinary revenues and expenses have been recorded.
- The loss comes from the increasing price of materials, provision expenses and from the failure to cover the entire production capacity, due to a lower level of orders.

c) Cash-flow

In the 9 months of 2016, compared to the beginning of the year, cash-flow has decreased with 1.612.317 lei, liquid assets amounting to 2.137.632 lei at the beginning of the year and to 525.315 lei on September 30, 2016.

II. ANALYSIS OF COMPANY'S ACTIVITY

2.1. Uncertainty tendencies, elements, events or factors which influence or may influence the liquidity of the company, compared to the corresponding period from the previous year

In the 9 months of 2016, the company's ability to cover current liabilities from current assets has been positive, the current liquidity ratio recording the 0,58 value, a relatively good value considering that the company product have a long manufacturing cycle.

No uncertainty factors that could influence the company's liquidity have been identified.

2.2. Effects of capital expenses, current or anticipated, on the company's financial statement

In the 9 months of 2016, investment expenses materialized in intangible assets amounting to 139.934 lei in tangible assets amounting to 1.595.201 lei have been recorded, the source of finance being own-source revenues. The investments in progress in balance amount to 295.334 lei.

2.3. Economic events, transactions, economic changes which influence core activity revenues significantly

The main activity object of the company is the manufacture of electrical power transformers and of products specific to the energy sector.

Important project categories the first 9 months of 2016

- new transformers - 38.276 thousands lei

Factors which influence core activity revenues significantly are:

- increase of prices for raw materials and materials
- competitors from the activity sector
 - absence of orders on the entire production capacity
 - financial strangling of the economy

III. CHANGES INFLUENCING CAPITAL AND THE COMPANY'S MANAGEMENT;

3.1. There were no situations in which the company was faced to the impossibility of meeting its financial obligations.

3.2. On April 12, 2016 the shareholding structure was presented as follows:

- SGB SMIT International GmbH Munich	67,45%
- SC Scando Trading SRL Bucharest	24,33%
- Shareholders physical persons	8,17%
- Shareholders legal entities	0,05%

The company has concluded a Registry services agreement with SC Depozitarul Central SA Bucharest.

IV. SIGNIFICANT TRANSACTIONS

No transactions as per art. 225 of Law 297/2004 were performed the first 9 months of 2016.

We acknowledge that the financial statements of SC RETRASIB SA on September 30, 2016 have not been audited.

General Manager,
Gherghel Claudia-Adela



Chief Financial Officer,
Bratu Roxana Meda

