



OLTCHIM

In reorganizare judiciara

In judicial reorganisation

En redressement



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Cod unic de inregistrare: RO 1475261

COMPANY'S BUSINESS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS RELATED TO 2015

The consolidated financial statements prepared by Oltchim SA Rm. Valcea for the financial year 2015 are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

OLTCHIM S.A. is a joint stock company resident in Romania. The company has its head office located on 1Uzinei str.Ramnicu Valcea, zip code 240050. Affiliated companies included in the financial statements of 2015 have registered office in Romania.

The consolidated financial statements at and for the financial year ended at December 31, 2015 refers to the Comapny and its affiliate Sistemplast S.A.(94,4%). The consolidated financial statements includes mainly the activity of SC OLTCHIM SA, which is presented at large in the Business report on the un-consolidated financial statements. This report contains only additional data following the consolidation of the Group financial statements.

Consolidated financial statements are prepared by summing up financial statements of the companies: Oltchim SA and Sistemplast SA and at the associated companies it is considered only the profit calculated according to the share capital contribution.

I. OLTCHIM GROUP BUSINESS REVIEW

The core business of the Group includes mainly: production of chlor-alkali, petrochemicals, oxo alcohols and other chemicals, including services and technical assistance and their sale on domestic and export market, in accordance with the Articles of Association of the company.

In the chemical field it is an integrated Group, that starts from primary raw materials: salt, water, electricity and goes on with advanced processing to the obtaining of finished products.

The Group's core production is structured in two sites:

- **Chemical site Rm. Vâlcea** is structured on the following production plants:
 - Membrane Electrolysis - produces liquid caustic soda, hydrochloric acid and chlorine gas;
 - Chlor-Alkali – produces caustic soda block, soda flakes;
 - Propylene Oxide – produces propylene oxide;
 - Polyols - produces polyethers and propylene glycol;
 - Special Polyols - produces polyethers;
 - Plasticizers - produces oxo-alcohols;
 - Construction Materials Division which produces PVC profiles RAMPLAST (operated in tenancy-tenant Dynamic Selling Group SRL).

On the Chemical site Rm. Valcea operates also the company SISTEMPLAST S.A. which provides mainly the works for mechanical and EIC maintenance for Oltchim S.A..

- **Petrochemical site Bradu – Pitești** is structured on two production plants (Olefins și Polymers) which during 2015 was mothballed due to lack of working capital.

The main economic- financial indicators in the consolidated financial statements according to International Financial Reporting Standards (IFRS), achieved by OLTCHIM Group in 2015 compared to 2014, are:

Consolidated financial position - short form

Indicator	- th lei-	
	Value at 31.12.2014	Value at 31.12.2015
ASSETS		
1. Long- term assets - total, of which:	792,104	717,545
Tangible fixed assets	782,312	708,716
Intangible fixed assets	2,820	2,007
Real estate investments	6,950	6,882
Investments in related entities	22	-
2. Current assets, total of which:	116,993	108,770
Inventories	40,754	39,757
Commercial receivables	45,482	29,696
Other assets	30,757	39,317
TOTAL ASSETS (1+2)	909,097	826,315

Indicator	Value at 31.12.2014	Value at 31.12.2015
CAPITAL AND LIABILITIES		
3. Total capitals, of which:	(2,835,708)	(538,795)
-Equity, of which:	(2,835,774)	(538,797)
Share capital	1,018,300	1,018,300
Reserves	229,834	229,834
Loss carried forward	(4,083,908)	(1,786,931)
- Minority interest	66	2
4. Long term liabilities, of which:	65,843	1,083,748
Loans	3,429	615,690
Commercial liabilities	-	368,740
Tax payables	-	29,512
Other long term liabilities	62,414	69,806
5. Current liabilities, of which:	3,678,962	281,362
Loans	1,767,247	-
Commercial liabilities	1,697,107	119,242
Tax payables	71,577	64,801
Other liabilities	143,031	97,319
TOTAL LIABILITIES AND CAPITALS (3+4+5)	909,097	826,315

Consolidated Profit and Loss Account - short form

=th. lei=

Indicator	Value at 31.12.2014	Value at 31.12.2015
1. Income - total, of which	642,395	3,138,460
Net sales	627,531	747,944
2. Costs - total, of which:	1,101,090	809,841
Raw materials and materials costs	366,485	370,611
Water and electricity costs	156,750	170,545
Salary costs	119,599	124,338
Depreciation and amortization costs	409,018	85,793
Other costs	49,238	58,554
3. Profit /(loss) before tax (1-2)	(458,695)	2,328,619
4. Tax on profit	-	35,653
5. Net profit /(loss) of the year (3-4)	(458,695)	2,292,966

A summary of net outcome recorded by OLTCHIM Group in the consolidated financial statements, amounting to 2,292,966 thousand lei, is as follows:

- net profit recorded by OLTCHIM S.A.	+2,294,129	th lei;
- net loss recorded by Sistemplast S.A.	-1,141	th lei;
- outcome share of associated companies	-22	th lei.

On subsidiaries composing the consolidation, the companies have achieved the following results:

A. OLTCHIM S.A. Rm. Valcea

OLTCHIM S.A. was established as a joint stock company by G.D. no. 1213 / 20.11.1990 and registered at the Trade Register under no. J38 / 219/1991.

As mentioned in the Register of Shareholders shareholding structure is as follows:

Shareholders	31.12.2015		31.12.2014	
	No. of shares	%	No. of shares	%
Romanian state through the Ministry of Economy, Trade and Business Environment Relationship	188,100,976	54.8062	188,100,976	54.8062
PCC SE	111,005,766	32.3433	111,005,766	32.3433
Individuals	38,930,613	11.3430	39,013,965	11.3673
Legal entities	5,174,028	1.5075	5,090,676	1.4832
TOTAL	343,211,383	100	343,211,383	100

All shares are common, were subscribed and fully paid both on 31 December 2014 and on 31 December 2015. All shares are ranked pari passu (have the same voting rights) and have a face value of 0.10 lei / share.

Oltchim is a company listed on the Bucharest Stock Exchange.

Oltchim S.A. is a company whose securities are traded on a regulated market, the Bucharest Stock Exchange, for which, according to Finance Ministry Order no. 1286/2012 for the approval of accounting regulations in accordance with international financial reporting standards applicable to companies whose securities are admitted to trading on a regulated market, holding shares of the share capital of other companies called subsidiaries or associates is required to prepare consolidated financial statements.

The main economic- financial indicators achieved in 2015 compared to 2014 are:

Indicator	= th lei=	
	Value at 31.12.2014	Value at 31.12.2015
1.Income- total, of which:	639.970	3.137.284
Net sales	627.531	747.944
2.Costs – total	1.099.290	807.502
3.Profit /(loss) before tax (1-2)	(459.320)	2.329.782
4.Tax on profit	-	35.653
5.Net profit /(loss) of the year (3-4)	(459.320)	2.294.129

The result achieved by OLTCHIM S.A. in 2015 in amount of 2,294 million lei consists in:

- +2,371 million lei scriptic gross result driven by debt cancellation, mainly of unsecured claims, following the confirmation of the Reorganization Plan by the bankruptcy judge by Decision no. 892 / 04.22.2015 delivered in the case of insolvency no. 887/90/2013 before the Court Valcea. Under the provisions of the Insolvency Act and the Tax Code, the cancellation of debt represents scriptic income of the period, influencing the result;
- +5 million lei income from the sale of CO2 certificates;
- +2 million lei net result from current assets adjustment;
- -36 million lei tax on profits earned as a result of the revenue from the cancellation of debt;
- -60 million lei loss caused by the mothballing costs with unoperational plants from Bradu and Valcea sites, plus the expenses with the severance payments related to the dismissals completed in December 2015 and other financial and banking costs calculated until the approval of the Reorganization Plan;
- +12 million lei total profit generated by the operating plants.

B. Sistemplast S.A. Rm. Valcea

The company was founded in 12.02.1999. The company headquarters is in Ramnicu Valcea, 1.Uzinei Str. The core business consists in the production and sale of PVC and polyethylene articles: tubes, pipes, fittings and accessories.

The share capital amounts to 7,700,162 lei, with the following shareholding structure:

- OLTCHIM S.A.	94.40%
- Charity Holdings S.A.	5.20%
- Other shareholders	0.40%

The company supplemented its business with maintenance and repair works. This is the main activity carried out by the company in 2015.

The company collaborated with both Oltchim SA and other third companies.

The main economic - financial indicators achieved in 2015 compared to 2014 are:

Indicator	-th lei-	
	Value at 31.12.2014	Value at 31.12.2015
1.Income - total, of which:	866	5.436
Net sales	28	29
2.Costs – total	1.145	6.577
3.Profit /(loss) before tax (1-2)	(279)	(1.141)
4.Tax on profit	-	-
5. Net profit /(loss) of the year (3-4)	(279)	(1.141)

The loss in 2015 is caused by:

- 638 thousand lei cancelled from the receivable owned at Oltchim S.A. through the Reorganization Plan
- 503 thousand lei loss from current business caused by a reduced volume of EIC works.

II. ASSOCIATED COMPANIES – DESCRIPTION

For associated companies, where Oltchim holds between 20% and 50% of the share capital, in preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union it is considered only the profit calculated according to the contribution to the share capital.

<i>Company</i>	<i>Shares owned (%)</i>	<i>Revaluated share capital paid in by OLTCHIM (lei)</i>
1. Euro Urethane SRL– Rm. Valcea	41.28%	26.012
2. Oltquino SA – Rm. Valcea	46.64%	0

Euro Urethane SRL is a company where Oltchim SA owns 41.28% of the share capital, the remaining 58.72% being held by PCC SE..

The company headquarters is in Ramnicu Valcea, 1.Uzinei Str. The core business is the manufacture of toluene diisocyanate, services for cover protections of parts, equipment, transport means. Currently the company is on investment.

	<u>31 December 2015</u> th lei
Share capital:	59,725
Total assets	5,640
Total liabilities	19
Total income	3,050
Total expenses	56,233
Profit/(loss) in 2015:	(53,183)

Oltquino SA is a joint venture founded on 12.19.1994 having as shareholders Oltchim SA with 46.64% of the shares, Inquinoso Spain with 52.99% of shares and Spanish individuals with 0.37%.

The company headquarters is in Ramnicu Valcea. 1.Uzinei Str. The main activity is the production and sale of chemical products.

	<u>31 December 2015</u> th lei
Share capital:	2,035
Total assets	381
Total liabilities	71
Total income	428
Total expenses	4,339
Profit/(loss) in 2015:	(3,911)

Given the above we submit for review and approval of the General Meeting of Shareholders, the Company's Business Report concerning the consolidated annual financial statements concluded for 2015.

Special Administrator
Stanescu Nicolae-Bogdan-Codrut

Deputy General Manager
Avram Victor

Economic Manager
Smeu Alin