



S.C. ELECTROARGES S.A.

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**THE BOARD OF DIRECTORS' PROPOSAL FOR THE
DISTRIBUTION OF PROFIT IN 2016**

The company has completed the financial year 2016 with a net profit amounted to 16,577,153 lei and by applying the tax on profit calculation methodology according to Law. 571/2003 regarding the Fiscal Code, and determined the taxable income, taking into account the tax-free expenses and tax-free income for the year 2016 as follows:

-gross profit for the financial year 2016 = (+)	20,181,034 lei
-tax-free income (deducted)	= (-) 3,268,500 lei
-tax-free expenses (added)	= (+) 4,460,395 lei
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Profit impozabil (IFRS = OMFP 2844/2016)	= (+) 21.372.929 lei

For this taxable income, the company calculated a 3,419,669 lei due tax on income expense, of which it deducted the sponsorships in the amount of 37,500 lei, remaining a payable tax of 3,382,169 lei, on 31.12.2016 registering a net profit to be distributed in the amount of 16,577,153 lei.

On the date of balance, the legal persons organized under Law no. 31/1990 on trading companies, republished, as subsequently amended, show in accounting only the distributions which are known with certainty at the time, as required by law.

The legal reserve has not been established, since 2016 has reached the 20% limit of the share capital.

For undistributed net profit in the amount of 16,577,153 lei in the balance account 121 " Net profit or loss of the financial year ", SC Electroarges SA's Board of Directors proposes to the Ordinary General Meeting of Shareholders the distribution as follows:

- **12,554,994.42 lei - gross dividends**, representing 0.18 lei gross/share for a total of 69,749,969 shares entitled to dividends. Distribution tax will be deducted of the gross dividends according to the law.

- **828,855.00 lei – administrators’ part in making profit**
- **828,855.00 lei – employees’ part in making profit**
- **2,364,448.80 lei – for own development sources** (for production development) set as “Other reserves - own resources”.

Registration in the company’s accounting of the undistributed net profit distribution shall be made in 2017 under AGOA decision approving the balance.

PRESIDENT OF THE BOARD OF DIRECTORS,
CONSTANTIN STEFAN