

**CASE STUDY REGARDING THE FINANCIAL PERFORMANCE  
BASED ON RATES OF RETURN, FOR COMPANIES LISTED ON  
BUCHAREST STOCK EXCHANGE, ACTING IN MINING AND  
QUARRYING DOMAIN**

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**Abstract**

*Analysing the relationships between elements of an enterprise's financial statements, especially between elements from the balance sheet and those from the profit and loss account, the rates of return adds greater utility to the consumers of financial information, offering the possibility to make comparisons over time and space as well as to make reference to internal and external rates. Considering the companies listed on Bucharest Stock Exchange among the best performing, due to the high requirements imposed by a stock market, in this paper has been analyzed the way the financial crisis affected the financial performance in Mining and Quarrying Domain.*

**Keywords:** *Financial performance, Bucharest Stock Exchange, Rates of Return*

**JEL classification:** *G00, G01, G10*

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**1. Introduction**

**Typology, calculation and significance of rates of return**

The analysis of a company's profitability based on rates of return adds greater utility to the consumers of financial information, offering the

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possibility to make comparisons over time and space as well as to make reference to internal and external rates.

There are a variety of rates, whose usage and classification differ from author to another.

The financial ratio analysis consists of analysing the relationships between elements of an enterprise's financial statements, especially between elements from the balance sheet and those from the profit and loss (Anghel, 2010) and, depending on the type and characteristics of the company, on their restatement and re-auditing and also the specific data obtained from the capital market (Stancu, 2007). In general, the rates of return are calculated as the ratio between the economic and financial results obtained and the efforts made to obtain them (Vintilă, 1997).

The rate of return characterises the degree of profitability, enabling comparisons over time, space or with standard values accepted or developed by specialised bodies, respectively it allows to compare entities with the same results, but obtained with different efforts.

Depending on the elements taken into account, the economic theory and practice operate with several rates of return calculated based on the information from the profit and loss account and from the balance sheet, by reporting a result (gross operating surplus, the operating result, the result of the financial year) to an indicator of effort (costs, turnover, invested capital, equity) (Petrescu, 2003) (Balteş 2003).

A common approach in the local literature is the inclusion of the rates into specific categories, depending on the analysis of the position or financial performance. Most authors point out the following rates as representative in the analysis of performances: Commercial rate of return, Consumed resources rate of return, Economic rate of return, Return on equity, Return on revenue, Overall rate of return, Interest coverage ratio, Return on capital employed (fixed assets and working capital).

Worldwide, there is also a wide variety of notions in terms of classifying the financial ratios in general, and of those measuring performance, in particular.

The Canadian model presented by Halpern, Weston and Brigham classifies the financial ratios into six basic types (Halpern 1994): Rates of liquidity, which measure the company's ability to meet its short-term payment obligations; Rates of credit management (debt), which indicates a company's size of financing through loans and its ability to meet long-term obligations;

Rates regarding assets' management, which measures the company's efficiency in using its assets; Rates of return, indicating the holistic result of liquidity, assets' management and of the loan over the operational results; Growth rates, which measure the company's ability to keep its position; Rates of market value, considered by the author as the most comprehensive measure of a company's performance, reflecting the combined influence of risk and profitability financial rates.

Unilateral analysis of a single rate or multiple rates may generate erroneous conclusions on the financial balance of the company, a combined analysis of the rates being thus required with information on the management and the economic conditions specific to the enterprise (Balteş, 2010). Moreover, the financial analysis based on the rates of return does not necessarily have a purpose, being usually achieved in relation to the financial diagnosis and in correlation to the risk diagnosis.

## **2. Methodology**

The profitability diagnosis is made by means of economic rates of return and financial return, whose absolute magnitude, respectively, influence factors decomposition, provides very useful information (Stancu, 1997). Complementing the analysis with the diagnosis of operational, financing and bankruptcy risk, the company's situation can be assessed, depending on its ability to generate a profitability that would cover the risks assumed by investors.

### **The Commercial Rate Of Return**

The commercial rate of return is calculated as the ratio between net profit and equity (Bistriceanu, 2001). It depends on price and sales policy and on the gross margin that is added to the cost of sold goods.

An approach of the commercial rate of return can be made in terms of the turnover (Petcu, 2009), as a measure of validation by the market of a company's products and thus of the quality of its management. The general model of commercial rate of return can be summarised the rapport between Result and Turnover, the indicator being used in assessing the effectiveness of the commercial policy are different, depending on the way they are addressed: the Anglo-Saxon system or the French system.

The commercial rate of return related to the activity, using the French system is calculated as following:

$$\text{Return on Sales} = \frac{\text{Net result}}{\text{Turnover}} \times 100,$$

This ratio, also known as Return on Sales, ROS is commonly found in foreign literature, being the easiest to calculate, using exclusively information from the profit and loss account, without requiring information from managerial accounting of the enterprise which is often inaccessible to third parties.

### **Consumed Resources Rate Of Return**

The Consumed Resources Rate Of Return, also known as Costs Rate Of Return is the efficiency of resource consumption, reflected in the expense accounts, addressed in relation to the results obtained. The indicator shows the correlation between the profit related to the turnover and total costs related to sales.

The ratios can be calculated globally, at the level of the enterprise, or on components specific to the structures of expenses and the purpose desired.

The main consumed rates of return are:

$$\text{Overall Consumed Resources Rate Of Return} = \frac{\text{Gross result}}{\text{Total expenses}} \times 100$$

$$\begin{aligned} \text{Consumed Resources Rate Of Return Related To The Operational Activity} \\ == \frac{\text{Operational result}}{\text{Operational expenses}} \times 100 \end{aligned}$$

Overall Return Rate (ORR), emphasizes resource efficiency, can be also computed, as a rapport between net result and total expences (Balteş 2010).

$$\text{Overall return rate} = \frac{\text{Net result}}{\text{Total expenses}} \times 100$$

The Consumed Resources Rate Of Return Related To The Operational Activity can be refined in the analysis by detailing on categories of operation expenses, on functions (production, commercial, operation), on nature (materials, staff-related), on the dependency on the volume of activity (direct and indirect) (Petcu, 2009).

### **Economic rate of return**

In international practice, the Economic Rate Of Return is calculated as the ratio between Earning Before Interests and Taxes and Total Assets (Vâlceanu, 2005). Calculated as such, the Economic Rate Of Return is useful first of all to suppliers of capital, the creditors being the ones most interested on the company's profitability before deducting the interest. Another model to calculate the economic rate of return the one used by Halpern:

$$ROA = \frac{\text{Net Profit (after taxes)}}{\text{Total Assets}}$$

In the local literature (Balteş 2010), it is often found the model of determination ROA as the ratio of gross profit and total assets, the model being used in case study presented in the following.

### **Return on equity (ROE)**

Return on Equity, ROE, is used for evaluating the effectiveness of investments made by owners of capital and considering whether to maintain the investment in a competitive system. A high rate of capital remuneration instigates to investments and facilitates acceptance of profit reinvestment, as a source of future growth of the company, to the detriment of its immediate distribution as dividends.

Return on equity is the ability of equity to create a surplus, after the compensation of borrowed capitals that will allow paying shareholders' capitals and self-financing the company (Petrescu, 2008).

If for the Economic Rate Of Return there are multiple calculation models, there is one opinion for establishing the calculation model of the Return On Equity, both nationally and internationally, namely:

$$ROE = \frac{\text{Net profit}}{\text{Equity}} \times 100$$

The ratio, which allows calculating the net return on equity, is also called "Return on Common Equity", measuring the profitability of the investment made by shareholders (Halpern, 1994). The return on equity measures the profitability of the investment made by shareholders both in operating activities and in the financial activity, outlining, on one hand, the degree of allocation of shareholders' funds in current activity, and also the efficiency of how the entity uses the shareholders' funds in business, on the other hand. However, a high Rate Of Return On Equity does not always show a favourable situation, this possibly being the consequence of too low equity and thus too big loans.

### **3. Case study**

The case study analysis captures the evolution of the main Rates of Return of Romanian enterprises listed on the Bucharest Stock Exchange, acting in Mining and Quarrying domain, during 2006-2011, a period which includes before economic crisis, the crisis and after crisis periods. The conclusions were formulated considering that, by the time this paper was edited, the financial situations for year 2012 was not published.

The financial performance analysis based on Rates Of Return was made using the financial situations published on Bucharest Stock Exchange site, <http://www.bvb.ro>. In Mining and Quarrying domain are listed sixteen companies, on both Exchange Segments: Bucharest Stock Exchange (BSE) and Romanian Association of Securities Dealers Automated Quotation (system) (RASDAQ), segmented into categories and fields, according to CAEN.

Considering the above mentioned categorization , the analyzed companies are presented in Table 1.

**Table 1: The structure of Companies listed on Bucharest Stock Exchange, activating in Mining and Quarrying Domain**

No.	Company	Exchange Segments	Categories	Activity field
1	OMV PETROM S.A.	BVB	I	610- Extraction of crude petroleum and natural gas
2	DAFORA SA		II	910- Support activities for petroleum and natural gas extraction
3	ROMPETROL WELL SERVICES S.A.			
4	LAFARGE AGREGATE SI BETOANE SA Bucuresti	RASDAQ	III-R	811 - Quarrying of ornamental and building Stone, limestone, gypsum, chalk and slate
5	TALC DOLOMITA SA Hunedoara			812 - Operation of gravel and sand pits; mining of clays and kaolin
6	TCI RAZBOIENI SA Ocna Mures			
7	TERRACOTTA STAR SA Sf. Gheorghe			899 - Other mining and quarrying activities n.e.c.
8	BEGA MINERALE INDUSTRIALE SA Timisoara			
9	STICLOVAL SA Valenii De Munte			
10	COMREP SA Ploiesti			910 - Support activities for petroleum and natural gas extraction
11	FORAJ SONDE SA Craiova			
12	FORAJ SONDE SA Ernei			
13	FORAJ SONDE SA Videle			
14	MECANPETROL SA Gaesti			
15	ROMFOR SA Boldesti Scaieni			
16	CUART SA Uricani			

Considering that CUART SA Uricani hasn't been traded since 2001, this company was not taken into consideration. It must be also mentioned that TCI RAZBOIENI SA Ocna Mures was founded in 2007, so the results for year 2006 do not include data on this company. In the analyzed period, between 2006 and 2011, all companies were tradable and continuously listed, even though the losses recorded in the category RASDAQ.

According to the most of local and international authors, profitability is the basic requirement for an economic entity to success in business. Furthermore, profit is often used as a measure of performance or as a reference for other indicators in the same category, such as return on investment or earnings per share. Therefore, in the analysis of financial performance, when calculating the Rates Of Return, we considered for each year only companies that have registered operational profit and thus gross and net profit. Due to the specific activity in Mining and Quarrying Domain, the influence of the financial activity was less important, the operational activity having the greatest impact on gross result. In each case where losses occurred, there was loss in the operational activity, as represented in Table No.2

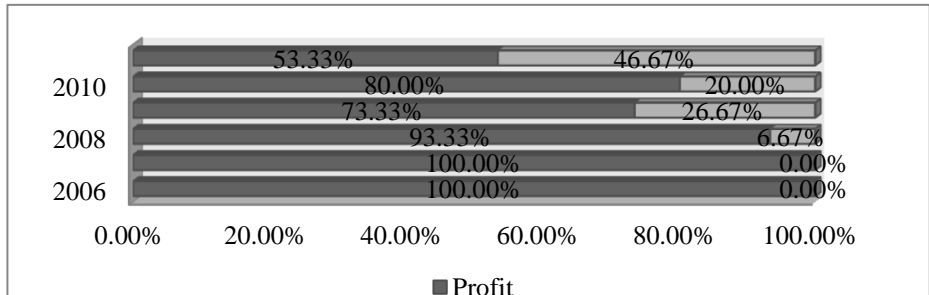
**Table 2: The Profit and Loss situation in Mining and Quarrying Domain, during 2006-2011**

Company	Gross Result						Operational Result					
	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
<b>OMV PETROM S.A.</b>	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
<b>DAFORA SA</b>	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
<b>ROMPETRO L WELL SERVICES S.A.</b>	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
<b>LAFARGE AGREGATE SI BETOANE SA Bucuresti</b>	Prof it	Prof it	Prof it	Los s	Los s	Los s	Prof it	Prof it	Prof it	Los s	Los s	Los s
<b>TALC DOLOMITA SA Hunedoara</b>	Prof it	Prof it	Prof it	Prof it	Prof it	Los s	Prof it	Prof it	Prof it	Prof it	Prof it	Los s
<b>TCI RAZBOIENI SA Ocna Mures</b>	-	Prof it	Prof it	Los s	Los s	Los s	-	Prof it	Prof it	Los s	Los s	Los s

TERRACOT TA STAR SA Sf. Gheorghe	Prof it	Prof it	Los s	Los s	Los s	Los s	Prof it	Prof it	Los s	Los s	Los s	Los s
BEGA MINERALE INDUSTRIA LE SA Timisoara	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
STICLOVAL SA Valenii De Munte	Prof it	Prof it	Prof it	Prof it	Prof it	Los s	Prof it	Prof it	Prof it	Prof it	Prof it	Los s
COMREP SA Ploiesti	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
FORAJ SONDE SA Craiova	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
FORAJ SONDE SA Ernei	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
FORAJ SONDE SA Videle	Prof it	Prof it	Prof it	Los s	Prof it	Los s	Prof it	Prof it	Prof it	Los s	Prof it	Los s
MECANPET ROL SA Gaesti	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it	Prof it
ROMFOR SA Boldesti Scaieni	Prof it	Prof it	Prof it	Prof it	Prof it	Los s	Prof it	Prof it	Prof it	Prof it	Prof it	Los s

The evolution of companies that Gross Profit is presented in Figure No 1., considering the number of companies that registered profit or loss, according to Table No 2.

**Figure 1: Evolution of The Companies listed on Bucharest Stock Exchange, Mining and Quarrying Domain, that Registered Gross Profit or Loos between 2006-2011**





Regarding the gross result evolution, which is identical with Operational and Net Result, the following conclusions can be drawn:

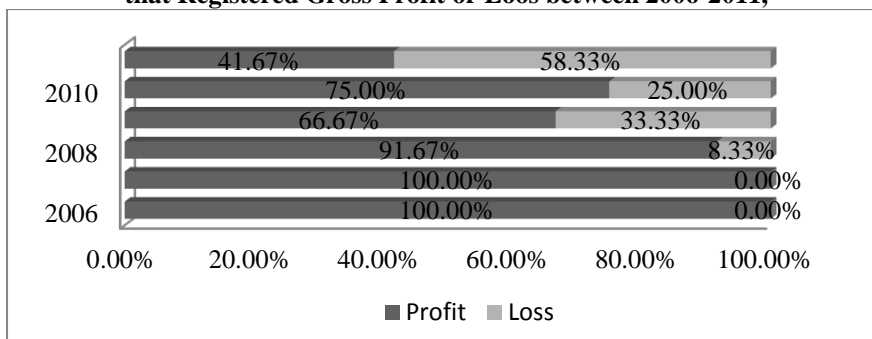
- Between 2006 and 2007, all companies listed on BSE, acting in Mining and Quarrying Domain have registered both operational and gross profit. No one registered loss.

- During 2006-2011, all companies listed on Bucharest Stock Exchange (BSE) exchange segment, in first and second category recorded profit

- In Mining and Quarrying Domain, losses have been recorded since 2008, in RASDAQ exchange segment

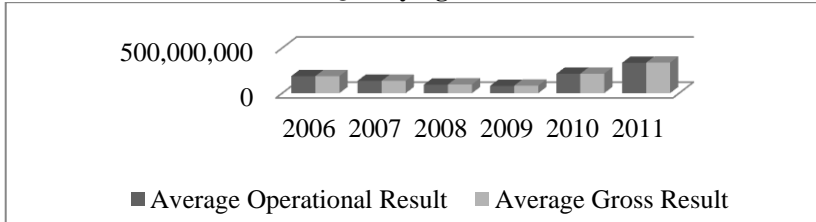
- Considering all companies acting in Mining and Quarrying Domain, losses have recorded an oscillatory evolution: in 2008 6.67% of all companies registered losses, the percent rising to 26.67% in 2009. After a slight recovery in 2010, when the proportion of those who have recorded losses has decreased 20%, during 2011 there has been a dramatic increase in companies that had losses, the percent rising to 46.67%. Considering only RASDAQ exchange segment, this means 58% of all companies, as presented in Figure No 2.

**Figure 2: Evolution of of The Companies listed on RASDAQ, Mining and Quarrying Domain that Registered Gross Profit or Loos between 2006-2011,**



The Average Operational Result and Gross result, presented in figure No. 3. has a perfectly correlated evolution, marked by a decrease between 2006 and 2009, with a minimum level of registered in 2009, and an increase between 2009-2011.

**Figure 3: Evolution of Average Operational Result and Average Gross Result between 2006-2011, Registered by Companies listed on Bucharest Stock exchange, Mining and Quarrying Domain**



Considering the Exchange Segments, the Evolution of Average Operational Result and Average Gross Result between 2006-2011 is presented in Table No. 3

**Table 3: Evolution of Average Operational Result and Average Gross Result between 2006-2011, Registered by Companies listed on Exchange Segments in Mining and Quarrying Domain**

<b>Indicators</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Average Operational Result for BSE Exchange Segment	933.594.617	667.258.713	447.130.693
Average Gross Result for BSE Exchange Segment	933.635.299	669.052.247	454.468.959
Average Operational Result for RASDAQ Exchange Segment	2.732.053	3.810.479	5.571.313
Average Gross result for RASDAQ Exchange Segment	2.668.628	4.114.250	7.225.293
<b>Indicators</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Average Operational Result for BSE Exchange Segment	405.236.136	1.076.263.609	1.684.851.786
Average Gross Result for BSE Exchange Segment	411.062.736	1.079.757.252	1.687.851.581

Average Operational Result for RASDAQ Exchange Segment	83.573	-927.554	-502.781
Average Gross result for RASDAQ Exchange Segment	1.316.511	-14.341	146.189

According to the data presented above for BSE and RASDAQ, the evolution of Average Operational Result and Gross result is slightly different, compared to the overall evolution of Mining and Quarrying Domain: BSE recorded decreases in Average Operational Result between 2006-2009 followed by a significant increase, of 262,67% between 2009-2010 and a more moderate growth, of 156,32% between 2011-2010. The evolution of the Average Gross Result, is almost identic.

The RASDAQ sectors follows a different model: Average Gross Result and Average Operational Result increased between 2006-2008. Average Operational Result for RASDAQ Exchange Segment has a significant decrease between 2008-2019, which continued in following year, the result materializing in loss. Between 2010-2011, average losses are reduced, but still the result materialized in loss. Average Gross result registred great decrease between 2008-2019 and 2009-2010, the result materializing in loss. In the next year, the result is concretized in profit, being registrated a small increase.

Considering profitability as the basic requirement for performance, when computing the main rates of return, we consider for each year only the companies that registered profit.

The computed Rates of return are the following:

- Return on Sales, calculated as the rapport between Net result and Turnover, with the results presented in Table no. 4
- Consumed Resources Rate Of Return Related To Operational Activity, computed as the rapport between Operational Result and Operational Expenses and Overall consumed resources rate of return, calculated as rapport between Gross result and Total expenses. The results are presented in Table No 5
- Overall Return Rate, computed as rapport between Net Result and Total expenses. Only the Yearly average Results are presented in Table No 7
- Return on Assets, ( ROA) as the ratio of gross profit and total assets and Return on Equity (ROE), of Net profit and Equity whose values are presented in Table No. 6

**Table 4: Evolution of Return on Sales between 2006-2011, Registered by Companies listed on BSE in Mining and Quarrying Domain**

<b>Company</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
OMV PETROM S.A.	17,48%	14,47%	6,10%	10,65%	12,89%	22,25%
DAFORA SA	6,77%	4,94%	1,02%	0,78%	4,20%	1,24%
ROMPETROL WELL SERVICES S.A.	15,96%	19,76%	23,05%	19,88%	18,38%	16,56%
LAFARGE AGREGATE SI BETOANE SA Bucuresti	8,80%	11,16%	8,59%	<b>Loss</b>	<b>Loss</b>	<b>Loss</b>
TALC DOLOMITA SA Hunedoara	8,51%	12,38%	15,63%	1,29%	0,90%	<b>Loss</b>
TCI RAZBOIENI SA Ocna Mures		22,27%	2,81%	<b>Loss</b>	<b>Loss</b>	<b>Loss</b>
TERRACOTTA STAR SA Sf. Gheorghe	3,77%	2,29%	<b>Loss</b>	<b>Loss</b>	<b>Loss</b>	<b>Loss</b>
BEGA MINERALE INDUSTRIALE SA Timisoara	11,21%	4,45%	0,67%	0,45%	3,49%	0,08%
STICLOVAL SA Valenii De Munte	6,22%	7,96%	7,48%	6,98%	4,42%	<b>Loss</b>
COMREP SA Ploiesti	7,98%	7,04%	9,63%	9,03%	3,62%	2,72%
FORAJ SONDE SA Craiova	20,87%	16,50%	19,41%	6,66%	2,42%	10,11%
FORAJ SONDE SA Ernei	7,64%	4,06%	1,78%	2,07%	1,17%	2,52%
FORAJ SONDE SA Videle	1,33%	17,65%	13,76%	<b>Loss</b>	0,81%	<b>Loss</b>
MECANPETROL SA Gaesti	12,46%	21,96%	18,83%	2,69%	3,99%	5,59%
ROMFOR SA Boldesti Scaieni	10,64%	16,18%	11,80%	12,36%	4,51%	<b>Loss</b>
<b>Yearly Average Value</b>	9,97%	12,20%	10,04%	6,62%	5,07%	7,63%

The best Yearly Average Return on Sales was recorded in 2007. After a slightly recovery in 2011, the level of 7,63% reach for this year is still under the values recorded before the crises.

**Table 5: Evolution of Consumed Resources Rate Of Return Related To Operational Activity and Overall Consumed Resources Rate Of Return between 2006-2011, Registered by Companies listed on BSE in Mining and Quarrying Domain**

Company	Consumed Resources Rate Of Return Related To Operational Activity (%)						Overall Consumed Resources Rate Of Return (%)					
	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
OMV PETROM S.A.	26,11	18,67	8,14	9,97	28,02	41,95	22,36	19,84	9,06	13,44	16,63	33,83
DAFORA SA	7,4	8,71	10,18	12,79	13,30	9,32	7,34	5,43	0,91	0,87	4,40	1,09
ROMPETROL WELL SERVICES S.A.	23,71	24,13	33,35	23,83	20,96	19,44	22,90	28,80	36,49	29,53	26,64	23,41
LAFARGE AGREGATE SI BETOANE SA Bucuresti	13,10	15,72	15,06	Loss	Loss	Loss	11,40	13,85	11,10	Loss	Loss	Loss
TALC DOLOMITA SA Hunedoara	11,85	19,47	18,78	4,20	4,41	Loss	10,81	18,29	20,87	2,11	2,83	Loss
TCI RAZBOIENI SA Ocna Mures		9,99	4,12	Loss	Loss	Loss		9,99	3,56	Loss	Loss	Loss
TERRACOTTA STAR SA Sf.	3,89	1,62	Loss	Loss	Loss	Loss	3,89	2,42	Loss	Loss	Loss	Loss

Gheorghe												
BEGA MINERAL E INDUSTRI ALE SA Timisoara	12, 54	6,3 3	9,85	10, 6	10, 58	3,69	13,3 5	5,0 6	0,5 7	0,6 0	3,6 9	0,6 0
STICLOV AL SA Valenii De Munte	8,9 3	10, 16	11,26	8,2 4	5,4 4	<b>Loss</b>	7,97	8,3 6	8,6 2	6,8 3	4,4 3	<b>Los s</b>
COMREP SA Ploiesti	10, 86	9,7 3	13,52	10, 6	5,8 6	4,09	8,65	7,7 8	11, 37	10, 30	4,2 1	3,1 9
FORAJ SONDE SA Craiova	30, 85	22, 81	35,61	10, 22	3,7 4	15,28	31,2 7	23, 22	29, 89	8,4 3	3,0 0	12, 89
FORAJ SONDE SA Ernei	5,4 4	5,5 3	5,35 %	6,0 1	4,8 6	0,35	7,87	3,9 1	1,2 7	2,5 6	1,5 9	2,4 4
FORAJ SONDE SA Videle	1,7 3	25, 8	19,82 %	<b>Los s</b>	2,7 9	<b>Loss</b>	1,02 %	20, 00	17, 67	<b>Los s</b>	0,8 6	<b>Los s</b>
MECANPE TROL SA Gaesti	17, 60	31, 76	29,37	3,2 3	2,1 5	6,75	17,1 0	31, 23	29, 69	3,5 2	5,0 7	6,8 4
ROMFOR SA Boldesti Scaieni	11, 70	17, 68	14,28	17, 01	1,4 3	<b>Loss</b>	13,1 4	21, 93	15, 51	16, 31	4,3 6	<b>Los s</b>
<b>Yearly Average Value</b>	13, 27	15, 21	16,34	10, 62	8,6 3	12,61	12,7 9	14, 67	14, 04	8,5 9	6,4 7	10, 54

The lowest level of the Yearly Average Consumed Resources Rate Of Return Related To Operational Activity and Yearly Average Overall Consumed Resources Rate Of Return was recorded in 2010, despite the increasing of the Average Operational and Gross results.

**Table 6: Evolution of Return on Assets and Return on Equity between 2006-2011, Registered by Companies listed on BSE in Mining and Quarrying Domain**

Company	Return on Assets (%)						Return on Equity (%)					
	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
OMV PETROM S.A.	13,08	10,16	6,44	6,35	6,90	13,24	18,54	13,49	7,53	9,73	11,11	19,51
DAFORA SA	6,80	4,51	0,58	0,37	2,04	0,46	20,16	9,51	1,60	0,89	5,08	1,27
ROMPETROL WELL SERVICES S.A.	18,89	23,27	26,35	14,05	13,94	13,26	18,68	23,12	23,57	12,48	12,42	12,31
LAFARGE AGREGATE SI BETOANE SA Bucuresti	15,94	14,00	10,84	Loss	Loss	Loss	21,83	28,87	28,79	Loss	Loss	Loss
TALC DOLOMITA SA Hunedoara	12,20	17,33	19,49	0,99	0,75	Loss	13,10	18,94	22,08	Loss	Loss	Loss
TCI RAZBOieni SA Ocna Mures	0,00	1,65	0,41	Loss	Loss	Loss	0,00	1,46	0,31	Loss	Loss	Loss
TERRACOTTA STAR SA Sf. Gheorghe	2,89	1,10	Loss	Loss	Loss	Loss	2,57	1,08	Loss	Loss	Loss	Loss
BEGA MINERALE INDUSTRIALE SA	8,67	3,13	0,37	0,25	1,75	0,45	8,90	3,68	0,58	0,27	2,44	0,05

Timisoara												
STICLOV AL SA Valenii De Munte	4,4 2	4,8 4	5,12	3,0 1	1,8 5	<b>Loss</b>	3,56	4,7 9	5,1 2	2,9 1	1,7 2	<b>Los s</b>
COMREP SA Ploiesti	6,4 6	7,7 4	16,01	8,8 9	3,8 4	3,32	8,63	11, 05	20, 31	10, 02	4,8 4	5,4 5
FORAJ SONDE SA Craiova	25, 07	17, 37	16,50	4,2 9	1,7 6	7,83	25,1 3	17, 81	19, 72	4,7 2	1,7 1	8,5 6
FORAJ SONDE SA Ernei	6,8 2	3,0 0	1,43	2,4 4	1,4 6	1,59	12,2 1	7,4 8	4,6 6	6,7 0	3,0 7	4,5 0
FORAJ SONDE SA Videle	1,2 8	26, 73	17,39	<b>Los s</b>	0,7 0	<b>Loss</b>	2,15	30, 42	24, 16	<b>Los s</b>	1,2 5	<b>Los s</b>
MECANPE TROL SA Gaesti	20, 70	39, 22	37,92	3,1 9	5,2 0	10,08	20,5 1	47, 26	35, 33	2,8 4	4,5 2	10, 89
ROMFOR SA Boldesti Scaieni	23, 90	37, 63	22,73	25, 72	5,3 7	<b>Loss</b>	31,4 1	47, 09	26, 10	23, 28	5,9 0	<b>Los s</b>
<b>Yearly Average Value</b>	11, 94	14, 11	12,97	6,3 2	3,8 0	6,28	14,8 1	17, 74	15, 71	6,7 8	4,5 3	7,8 2

The most used Rates for appreciating the financial performance, ROA and ROE registered dramatic decreases in 2009 and 2010. Considering Exchange Segments, during 2009-2010 better results occurred in BSE Segment, even if ROMFOR SA Boldesti Scaieni, listed on RASDAQ recorded a good level for ROA, of 25,72% and of 23,28% for ROE, in 2009. Despite this, the level of ROA and ROE recorded by ROMFOR SA dropped strongly during 2010, about the level of 5% for both rates, the company registering losses in 2011. The best performance in the profitability of the investment made by shareholders was recorded by MECANPETROL SA Gaesti, with a level of 47,26% for ROE in 2007. The greatest efficiency in operating assets was performed by the same company, with an level for ROA of 37,92% during 2008.

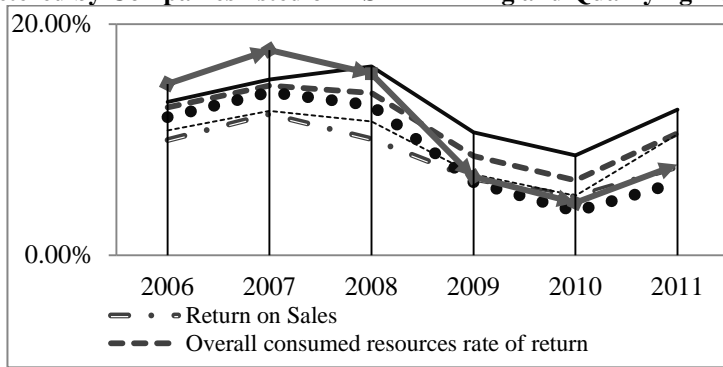


To follow the evolutions of all Rates on Return, during entirely period, in Table No.7 and Figure No.4 is presented the Yearly Average Value of each Rate.

**Table 7: Evolution of The Yearly Average Values of The Rates of Return between 2006-2011,  
Registered by Companies listed on BSE in Mining and Quarrying Domain**

<b>Indicators</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Over II Avera ge Value</b>
<b>Yearly Average Value of Return on Sales</b>	9,97%	12,20%	10,04%	6,62%	5,07%	7,63%	<b>8,59%</b>
<b>Yearly Average Value of Overall Consumed Resources Rate Of Return</b>	12,79%	14,67%	14,04%	8,59%	6,47%	10,54%	<b>11,18%</b>
<b>Yearly Average Value of Consumed Resources Rate Of Return Related To Operational Activity</b>	13,27%	15,21%	16,34%	10,62%	8,63%	12,61%	<b>12,78%</b>
<b>Yearly Average Value of General rate of return</b>	10,81%	12,47%	11,58%	7,01%	5,15%	10,46%	<b>9,58%</b>
<b>Yearly Average Value of Return on Total Assets</b>	11,94%	14,11%	12,97%	6,32%	3,80%	6,28%	<b>9,24%</b>
<b>Yearly Average Value of Return on Equity</b>	14,81%	17,74%	15,71%	6,78%	4,53%	7,82%	<b>11,23%</b>

**Figure 4: Yearly Average Values Evolution of The Rates of Return between 2006-2011, Registered by Companies listed on BSE in Mining and Quarrying Domain**



In the Figure No. 4, the evolution of Yearly Average Values, Computed for the calculated Rates of Return between 2006-2011 clearly emphasis the trends in profitability before, during and after the crisis.

The period between 2006-2007 is characterised by an increase in all Yearly Average Rates of Return. The greatest increase, of 22.36% was registered for Return on Sales; Overall Consumed Resources Rate Of Return increased with 14,71%, Consumed Resources Rate Of Return Related To Operational Activity increased with 14,66%, the lowest increase rate, General rate of Return increased with 15,42% , Return on Total Assets increased with 18,22% and Return on Equity with 19,73%.

In the next period, 2007-2008, excepting Average Consumed Resources Rate Of Return Related To Operational Activity, all other average rates of returns started decreasing, the highest one being registred for Average Return on Sales, as a first sight of the market, regarding the beginning of the crisis and lowering in demand. Average Operational Result in RASDAQ Exchange Segment registered a significant increase, of 146%, as presented in Table No.3 which helped the increase of Average Consumed Resources Rate Of Return Related To Operational Activity with 7,41%.

The next two periods, 2008-2009 and 2009-2010 were marked by significant decreased of all Average Rates of Returns. Between 2008-2009 the highest decrease was registered for Average Return on Total Assets, of 51,26% and for Average Return on Equity, of 56,85%, reflecting a significant

loss in efficiency of material and financial resources allocated to the enterprise's activity, and in the profitability of the investment made by shareholders in Mining and Quarrying Domain. All other Average Rates of Return registered decreases higher than 35%. Between 2009-2010, a slight recovery can be noticed, considering that the decreases were not as strong, but still over 18% for all Average Rates. Again, the highest decrease was registered for Average Return on Total Assets, of 39,94 % and for Average Return on Equity, of 33,15%. The best situation was registered for Consumed Resources Rate Of Return Related To Operational Activity, with only 18,79% decrease. Again, the significant increase of 262,67% in Average Operational Result for BSE Exchange Segment slowed down the decrease of this rate, emphasizing an improvement of resource consumption.

The period 2010-2011 is marked by a general recovery for all Average Rates, supported by earnings increasing in average results, as presented in Figure 3, even if in RASDAQ Segment, more companies registered losses.

#### **4. Conclusions**

In Mining and Quarrying Domain, the companies listed on Bucharest Stock Exchange started to feel the effects of the financial crisis, in terms of profitability, since 2007 in BSE Exchange Segment, and since 2009 in RASDAQ Segment. Despite of well-known negative effects of the crisis, the companies listed on BSE Exchange Segment registered profit during entire analyzed period, even if fluctuations in financial performance occurred. On the other side, RASDAQ Segment, the negative effects of the crisis stroked a little bit later, but with a great impact. Despite all efforts, the companies accumulated losses, that once registered, could no longer be recovered.

Even if at the average level, the Mining and Quarrying Domain recorded a significant recovery of the financial performance, the year 2011 was the most difficult one for RASDAQ Segment, over 58% of the companies registering losses.

Concluding, we can say that the effects of the crisis on financial performance were easily supported by powerful companies, listed on first and second category at Bucharest Stock Exchange. Financial performance in RASDAQ Segment was more dramatically affected, transmitting negative effects until now.

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