

ROMCARBON S.A. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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To the shareholders of,
S.C. ROMCARBON S.A.
Buzau, Romania

INDEPENDENT AUDITOR'S REPORT

Report on the Consolidated Financial Statements

- 1 We have audited the accompanying consolidated financial statements of S.C. ROMCARBON S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit and loss, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

- 2 Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of and its subsidiaries as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Other Matters

- 7 This report is made solely to the Group's shareholders as a whole. Our audit work has been undertaken to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and its shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on conformity of the Administrators' Report with the Consolidated Financial Statements

In accordance with the Order of the Minister of Public Finance no. 3055/2009, article no. 318 point 2) we have read the Administrators' Report attached to the consolidated financial statements. The Administrators' Report is not a part of the consolidated financial statements. In the Administrators' Report we have not identified any historic financial information which is not in accordance, in all material respects, with the information presented in the accompanying consolidated financial statements.

Ahmed Hassan, Audit Partner

For signature, please refer to the original Romanian version.

*Registered with the Romanian Chamber of Financial Auditors
under no. 1529/25.11.2003*

On the behalf of:

DELOITTE AUDIT S.R.L.

*Registered with the Romanian Chamber of Financial Auditors
under no. 25/25.06.2001*

Bucharest, Romania
March 25, 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Note	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Income	3	194,930	169,856
Other income		1,560	1,387
Investment income		7,018	2,900
Other gains or losses	5	534	947
Changes in finished products and production in progress		2,785	1,019
Raw materials and consumables used	4	(131,400)	(116,561)
Depreciation and amortisation expense	6	(8,751)	(7,900)
Employee salaries and social security	7	(36,605)	(32,822)
Finance costs	8	(2,823)	(3,121)
Other expenses	9	(17,187)	(13,898)
Share of profit of associates	14	2,346	2,705
Profit before taxation		12,407	4,512
Income tax expense	10	(1,217)	(930)
Profit for the year from operations		11,190	3,582
Profit for the year		11,190	3,582
Attributable to:			
Owners of the parent		11,318	3,653
Non-controlling interests		(128)	(72)
From core operations:			
RON (cents per share)		0.01	0.01
Average number of shares		264,122	264,122

The financial statements were approved by the Board of Administration and were authorised for issuance on March 25, 2015.

PREPARED,

**HUNG CHING LING,
ADMINISTRATOR**

**VIORICA ZAINESCU,
CHIEF FINANCIAL OFFICER**

**RADU ANDREI,
CHIEF EXECUTIVE OFFICER**

For signatures, please refer to the original Romanian version.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Note	Year ended December 31, 2014 thousand LEI	Year ended December 31, 2013 thousand LEI
Comprehensive income		(356)	-
Exchange differences on translating foreign operations		(1,018)	363
Comprehensive income of the year			
Attributable to:			
Owners of the parent		(967)	337
Non-controlling interests		(409)	26
Total comprehensive income		9,816	3,944
Owners of the parent		10,351	2,990
Non-controlling interests		(537)	(46)

The financial statements were approved by the Board of Administration and were authorised for issuance on March 25, 2015.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2014**

	<u>Note</u>	<u>December 31, 2014</u> <i>thousand LEI</i>	<u>December 31, 2013</u> <i>thousand LEI</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	121,134	125,085
Investment property	32	46,317	45,934
Goodwill	12	143	143
Other intangible assets	13	570	498
Investment in associates	14	23,733	26,349
Financial assets	14	197	209
Total non-current assets		192,094	198,218
Current assets			
Inventories	15	23,466	20,614
Trade and other receivables	16	33,053	31,404
Other current assets	17	956	1,350
Cash and bank balances	31	20,646	14,393
Total current assets		78,121	67,761
Total assets		270,215	265,979
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18	26,412	26,412
Share premiums		2,182	2,182
Reserves	19	44,137	45,903
Retained earnings	20	70,678	59,541
Equity attributable to owners of the parent		143,409	134,038
Non-controlling interest	21	1,765	2,368
Total equity		145,174	136,406

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2014**

	<u>Note</u>	<u>December 31, 2014</u> <i>thousand LEI</i>	<u>December 31, 2013</u> <i>thousand LEI</i>
Non-current liabilities			
Long-term borrowings	22	14,843	21,925
Finance lease liabilities	22	2,705	3,791
Deferred tax liabilities	10	11,042	10,571
Other non-current liabilities with provisions		33	45
Deferred income	26	12,084	13,824
Total non-current liabilities		40,707	50,156
Current liabilities			
Trade and other liabilities	24	34,697	31,316
Short-term borrowings	22	44,070	43,869
Finance leases	22	1,678	1,503
Deferred income		467	54
Other current liabilities	23	3,422	2,675
Total current liabilities		84,334	79,417
Total liabilities		125,041	129,573
Total equity and liabilities		270,215	265,979

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Total January 1, 2014	26,412	2,182	45,943	-	(40)	59,541	134,038	2,368	136,406
Realised revaluation reserve	-	-	(758)	-	-	758	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(966)	-	(966)	(409)	(1,375)
Net profit of the year	-	-	-	-	-	11,318	11,318	(128)	11,190
Reclassifications	-	-	-	-	-	-	-	-	-
Corrections	-	-	-	-	(43)	65	22	(65)	(43)
Dividends distributed	-	-	-	-	-	(1,004)	(1,004)	-	(1,004)
Total December 31, 2014	26,412	2,182	45,185	-	(1,049)	70,678	143,409	1,765	145,174

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Total January 1, 2013	228,052	2,182	74,945	303	(108)	(148,967)	156,407	3,148	159,555
Revaluation of property, plant and equipment	-	-	(29,101)	-	-	-	(29,101)	-	(29,101)
Realised revaluation reserve	-	-	(534)	-	-	534	-	-	-
Reclassification of revaluation reserve to retained earnings	-	-	(4,025)	-	-	4,025	-	-	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	-	-	4,656	-	-	-	4,656	-	4,656
Decrease of non-controlling interest due to changes in the interest percentage	-	-	-	-	-	-	-	(734)	(734)
Write-off of IAS 29 application on capital accounts	(201,640)	-	-	(303)	-	201,943	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	337	-	337	26	363
Net profit of the year	-	-	-	-	-	3,653	3,653	(72)	3,581
Reclassifications	-	-	-	-	(268)	268	-	-	-
Corrections	-	-	-	-	-	(233)	(233)	-	(233)
Dividends distributed	-	-	-	-	-	(1,682)	(1,682)	-	(1,682)
Total December 31, 2013	26,412	2,182	45,943	-	(40)	59,541	134,038	2,368	136,406

The financial statements were approved by the Board of Administration and were authorised for issuance on March 25, 2015.

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014**

By the shareholders' decision of April 29, 2014 the Company approved the distribution of the net profit in amount of RON 1,682 thousand, as dividends.

By the same decision of April 29, 2014, it was approved changing the destination of the net profit recorded in financial year 2006, in amount of RON 1,004, from "Other reserves" (as it was previously distributed according with the shareholder's decision of April 30, 2007), in the category "Dividends", as well as its distribution as dividends, by compliance of the provisions of the law and of the company's Articles of Incorporation.

In addition, in the first half of 2013, the Company covered the loss carried forward registered in the financial statements under "Retained earnings from the first-time adoption of IAS 29" in net amount of RON 201,943 thousand.

As at December 31, 2013, the Company used an independent valuator to revalue its land and buildings. The differences reflected in the financial statements ended December 31, 2013 amounted to RON 29,101 thousand as a result of the revaluation of Romcarbon S.A.'s assets.

As at December 31, 2013, the Company reclassified the revaluation reserve to retained earnings in amount of RON 4,025 thousand.

As at December 31, 2013, the Company registered a decrease in non-controlling interests in amount of RON 734 thousand further to the change in the interest percentage through purchase of shares.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Cash flows from operating activities			
Gross profit for the year		12,407	4,511
Finance expenses recognized in profit		2,823	3,121
Gain / (Loss) on sale or disposal of fixed assets		(36)	(3,566)
Income from dividends		(5,080)	-
Loss on impairment of trade receivables		160	(291)
Amortization/depreciation of non-current assets		8,749	7,900
Net gain / loss on foreign exchange		114	389
Gain / Loss on investment		(123)	(121)
Gain / Loss on revaluation of investment property		(163)	(2,139)
(Gain) / Loss from short term investments		(62)	-
Gain on share of profit of associates		(2,346)	(2,705)
Increase / Decrease in provisions		(12)	43
Increases in deferred income		(1,560)	(1,070)
Movements in working capital			
(Increase) / Decrease in trade and other receivables		(1,809)	7,930
(Increase) / Decrease in inventories		(2,851)	573
(Increase) / Decrease in other assets		406	455
Increase / (Decrease) in trade and other payables		3,247	(2,650)
Increase / (Decrease) in other payables		1,011	338
Cash generated by/used in operating activities		14,875	12,718
Interest paid		(2,407)	(2,965)
Income tax paid		(774)	(852)
Bank commissions paid		(416)	(480)
Net cash generated by operating activities		11,278	8,420
Cash flows from investing activities			
Payments for property, plant and equipment		(5,837)	(3,650)
Payments for intangible assets		-	(96)
Proceeds from disposal of property, plant and equipment		43	4,256
Payments for investment property		(221)	-
Interest received		123	121
Dividends received		9,704	-
Net cash used in investing activities		3,812	631

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Note	Year ended December 31, 2014	Year ended December 31, 2013
		<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from financing activities			
Repayment of borrowings		(6.882)	(4.075)
Lease payments		(1.086)	(1.451)
Dividends paid for non-controlling interest		(869)	(1.682)
Net cash generated by financing activities		(8.837)	(7.208)
Net decrease / (increase) in cash and cash equivalents		6.253	1.842
Cash and cash equivalents at the beginning of the year		14.393	12.551
Cash from subsidiaries acquired during the year		-	-
Cash and cash equivalents at the end of the year		20.646	14.393

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1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. As at December 31, 2014 the Parent's shares were traded on the BSE and its main shareholders as at December 31, 2014 were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, Romanian Opportunities Corporation Loc. Road Town VIR (Eastern Eagle Fund LTD), Hyposwiss Lux Fund-Danube Tiger-Luxembourg Lux, Palmer Capital Emerging Europe Equity (formerly, Mei Roemenie en Bulgarije).

The Parent's main field of activity is the manufacture of plastics.

As at December 31, 2014 the Parent was holding directly or through other subsidiaries, participating interest in the following entities, thus forming Romcarbon Group:

RC ENERGIO INSTALL S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 99.50% and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, wholly owned by S.C. Romcarbon S.A. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastic finished products, recycling of plastic materials and purchase of plastic waste.

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, where S.C. Romcarbon S.A. has held since 2011 99% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 99.00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Data processing, hosting and related activities (NACE code 6311).

TOTAL COMMERCIAL MANAGEMENT S.R.L. is a company established in 2006, where S.C. Romcarbon S.A. holds 95.00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the logistics and marketing-sale services and its main object of activity is Agents involved in the sale of a variety of goods (NACE code 4619).

YENKI S.R.L. is a company established in 2007, where S.C. Romcarbon S.A. holds 25.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

SIGUREC INTERNATIONAL S.A. is a company established in 2007, where S.C. Romcarbon S.A. holds 51.00% of the shares, and 8.98% indirectly through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is the Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221). Through the General Assembly of Associates of S.C. GREENPLASTIC INTERNATIONAL S.R.L. of June 21, 2011, the company resumed its activity, changed its name and form of organization and became S.C. SIGUREC INTERNATIONAL S.A. On August 1st 2013, Sigurec International S.A. entered into voluntary dissolution procedure according to EGM dated August 1st 2013 and article 113 point i, article 227 point d of Law no 31/1990. In the month of February 2014 the company was removed from the Trade Register.

1. GENERAL INFORMATION (continued)

GRINFILD UKRAINE is a company established in 2007, where SC Romcarbon SA indirectly holds, through Recyplat LTD Cyprus, 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale.

GRINRUH LLC UKRAINE is a company established in 2007, where SC Romcarbon SA indirectly holds through Grinfild Ukraine, 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale.

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organisation. The association's patrimony amounts to RON 1,200. The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing the developing the field regarding environmental protection according to the international rules and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33.33% of its patrimony.

RECYPLAT LTD Cyprus is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

TAIPEI CIMEO SRL is a company established in 2008, where SC Romcarbon SA directly holds 60.00% of the shares and the remaining shares are held by another foreign natural person. The company's main office is located in Buzău, str. Transilvaniei nr. 132, Pavilion Comercial, camera 2, Buzău county. The company's main object of activity is - NACE code 8690 - Other human health activities.

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 49.97% and 49.99% indirectly, through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

POLYMASTER CHEMICALS S.A is a company established in 2012, where SC Romcarbon SA directly holds 60.00% of the shares and the remaining shares are held by another foreign natural person. The company's main office is located in Buzau, str. Transilvaniei nr. 132, Cladirea C106 - partial - Atelier Metalic, judetul Buzau. The company's main object of activity is - NACE code 2221 - Manufacture of plastic plates, sheets, tubes and profiles.

GREENSORT RECYCLING SRL is a company established in 2012, where SC Romcarbon SA directly holds 51.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located in Bucharest, Sector 1, Intrarea Dr. Iacob Felix, nr. 59, bl. A1, Sc. A, Ap. 30, Cam.1. The company's main object of activity is – NACE code 3832 - Recovery of sorted materials.

In April 2012, the Group lost control of Romgreen Universal LTD, Greenfiber International SA, Greentech SA, Greenweee International SA and their subsidiaries.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, where SC Romcarbon SA indirectly holds 25.00% of the shares through Recyplat LTD Cyprus. The company's main office is located in Akropoleos, 59-61, 3rd floor, office 301, Nicosia, Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

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1. GENERAL INFORMATION (continued)

GREENFIBER INTERNATIONAL SA is a company established in 2004, where SC Romcarbon SA indirectly holds, through RECYPLAT LTD Cyprus and Romgreen Universal LTD, 16.96% of the shares, and the remaining shares are held by Romanian and foreign legal and natural persons. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

GREENTECH DOO SERBIA is a company established in 2005, where SC Romcarbon SA indirectly holds 15.26% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Serbia, Backa Palanka, str. Zarka Zrenjanina nr. 152. The company's main object of activity is the recycling of non-metallic waste and scraps.

GREENTECH RECYCLING DEUTSCHLAND GMBH is a company established in 2010, where SC Romcarbon SA indirectly holds 16.96% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastics and recycling of plastic waste.

GREENTECH DOO MACEDONIA is a company established in 2007, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 15.17% of the shares and the remaining shares are held by foreign natural persons. The company's main office is located in Macedonia, Skopje, bd. Romanija b.b Gazela, 1000. The company's main object of activity is Recycling of non-metallic waste and scraps.

GREENFIBER HELLAS is a company established in 2008, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 4.07% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Greece, Kilki unit, Kilki city, Kilki Industrial Area. The company's main object of activity is Recycling of scraps and non-metallic waste. In 2009, Greenfiber International SA decreased its participation in the company's capital from 60% to 24%.

GREENTECH SA is a company established in 2002, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.56% of the shares and the remaining shares are held by Romanian and foreign natural and legal persons. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREENWEEE INTERNATIONAL SA is a company established in 2007 where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 19.10% of the shares and the remaining shares are held by foreign natural and legal persons. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is Dismantling of wrecks for materials recovery (NACE code 3831).

GREENWEEE INTERNATIONAL HUNGARY KFT is a company established in 2011, where SC Romcarbon SA indirectly holds 19.10% through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em. 1. The company's object of activity is Management of used waste and treatment of other waste.

GREENLAMP RECICLARE S.A. is a company established in 2010, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 24.99%, and the remaining shares are held by GREENWEEE INTERNATIONAL S.A. The company's main office is located in Tintesti, Odaia Banului village, Frasinu farm, Greenweee warehouse, etaj 1, camera 1, Buzău county. The company's main object of activity is - NACE code 3822 - Treatment and disposal of hazardous waste.

TOTAL ELECTRONIC WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's main office is located in Buzău, Odaia Banului village.

1. GENERAL INFORMATION (continued)

As at the date of these financial statements, SC Romcarbon SA was indirectly holding 25,00% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENWEEE INTERNATIONAL SA and 25,00% through GREENLAMP RECICLARE S.A.

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's main office is located in Buzău, Str. Alea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.53% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENTECH SA.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.50% of the shares. The remaining shares are held by natural and legal persons. The company's main office is located in Buzău, Str. Alea Industriilor, nr. 17, pav. Comercial, Et.1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

1. GENERAL INFORMATION (continued)

	Place of establishment	Object of activity	Interest%	Control %	Cost as at 31.12.2014	Interest %	Control %	Cost as at 31.12.2013
LIVING JUMBO INDUSTRY S.A. S.C. GREENWEEE INTERNATIONAL S.A.	Romania Romania	Manufacture of plastic packing goods Dismantling of wrecks for materials recovery	99.00% 19.10%	99.00% 19.10%	1,639,232 -	99.00% 19.10%	99.00% 19.10%	1,639,232 -
GREENFIBERINTERNATIONALS.A.	Romania	Manufacture of man-made fibres	16.96%	16.96%	-	16.96%	16.96%	-
GREENWEEE INTERNATIONAL HUNGARY KFT	Hungary	Management of used waste and treatment of other waste Recycling of non-metallic waste and scraps	19.10%	19.10%	-	19.10%	19.10%	-
GREENTECH DOO SERBIA	Serbia	Recycling of non-metallic waste and scraps	15.26%	15.26%	-	15.26%	15.26%	-
GRINTEH MK DOO MACEDONIA GRINFILD LLC UKRAINA GRINRUH LLC UKRAINA	Macedonia Ukraine Ukraine	Wholesale trade Wholesale trade Manufacture of plastic plates, sheets, tubes and profiles	15.17% 62.62% 62.62%	15.17% 62.62% 62.62%	- 3,179,378 4,426,809	15.17% 62.62% 62.62%	15.17% 62.62% 62.62%	- 3,179,652 4,426,809
SC SIGUREC INTERNATIONAL SA(GREENPLAST INT'L)	Romania	Recovery of sorted materials	0.00%	0.00%	-	51.00%	51.00%	45,900
Greenglass Recycling S.A.	Romania	Plumbing, heat and air conditioning installation	17.50%	17.50%	-	17.50%	17.50%	-
RC ENERGO INSTALL S.R.L.	Romania	Data processing, hosting and related activities	99.50%	99.50%	1,990	99.50%	99.50%	1,990
INFO TECH SOLUTIONS S.R.L. TOTAL ELECTRONIC WASTE MANAGEMENT S.R.L. TOTAL WASTE MANAGEMENT S.R.L.	Romania Romania Romania	Collection of non-hazardous waste Collection of non-hazardous waste Recovery of sorted materials	99.00% 19.40% 17.53%	99.00% 19.40% 17.53%	1,980 - -	99.00% 19.40% 17.53%	99.00% 19.40% 17.53%	1,980 - -
GREENTECH SA	Romania	Trade with plastics and recycling of plastic waste	17.56%	17.56%	-	17.56%	17.56%	-
Greentech Recycling Deutschland GMBH	Germany		16.96%	16.96%	-	16.96%	16.96%	-

This is a free translation from the original Romanian version.

1. GENERAL INFORMATION (continued)

	Place of establishment	Object of activity	Interest%	Control %	Cost as at 31.12.2014	Interest %	Control %	Cost as at 31.12.2013
Yenki	Romania	Activities of sports facilities	33.34%	33.34%	100,000	25.00%	25.00%	82,000
TOTAL COMMERCIAL MANAGEMENT S.R.L.	Romania	Business and other management consultancy activities	95.00%	95.00%	190	95.00%	95.00%	190
GREENFIBRA HELLAS	Greece	Recycling of non-metal waste and scrap	10.17%	10.17%	-	4.07%	4.07%	-
		To represent, promote and support the employer and professional interests of its members						
Asociatia Ecologica "GreenLife"	Romania	Business and other management consultancy activities	44.84%	44.84%	400	0.00%	0.00%	-
RECYPLAT LTD	Cyprus	Business and other management consultancy activities	100.00%	100.00%	20,857,287	100.00%	100.00%	20,857,287
ROMGREEN UNIVERSAL CIPRU	Cyprus	Business and other management consultancy activities	25.00%	25.00%	-	25.00%	25.00%	-
Greenlamp Reciclare SA	Romania	Treatment and disposal of hazardous waste	25.00%	25.00%	-	25.00%	25.00%	-
TAIPEI CIMEO SRL	Romania	Other human health activities	60.00%	60.00%	491,040	60.00%	60.00%	491,040
ECO PACK MANAGEMENT SA	Romania	Other business support service activities n.e.c.	25.36%	99.24%	2,619,254	99.46%	99.46%	1,907,154
Registrul Miorita SA	Romania	Activities related to shareholders's registry	4%	4%	5,000	4%	4%	5,000
Kang Yang Biotechnology Group	Taiwan	Manufacture of products beneficial for human health	5%	5%	203,963	5%	5%	203,963
POLYMASTER CHEMICALS SA	Romania	Manufacture of plastic plates, sheets, tubes and profiles	60.00%	60.00%	79,800	60.00%	60.00%	79,800
GREENSORT RECYCLING SRL	Romania	Recovery of sorted materials.	51.00%	51.00%	20,400	51.00%	51.00%	20,400
		Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste						
Romcarbon Deutschland GMBH	Germany	materials and purchase of plastic waste	100.00%	100.00%	110,138	100.00%	100.00%	110,138

This is a free translation from the original Romanian version.

2. MAIN ACCOUNTING POLICIES***Statement of compliance***

The consolidated financial statements (hereinafter the "financial statements") were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Bases of preparation

The consolidated financial statements were prepared on a going concern basis, at historical cost, adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves.

The financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for compliance with IFRS.

The main accounting policies are described below.

Bases of consolidation

The consolidated financial statements include the financial statements of the Parent, of its subsidiaries and joint ventures. Control is obtained when the Parent has the power to govern the financing and operating policies of an entity to acquire benefits from the latter's activities.

The profit of the subsidiary acquired during the year is included in the consolidated income statement as at the acquisition date.

Where required, the subsidiary's financial statements are corrected to adjust its accounting policies in accordance with the policies used by the Parent.

All group transactions, balances, income and expenses are completely eliminated from the consolidation.

Non-controlling interests in net assets (excluding goodwill) of the subsidiary are disclosed separately from the Group's equity. Non-controlling interests consist in the sum of interests as at the date of the original business combination (see below) and the non-controlling share in changes in equity starting from the combination date. Losses corresponding to the minority, which exceed the non-controlling interest held in the subsidiary's equity are allocated as compared to the Group's interests, except if the minority holds an obligation and can make additional investments to cover losses.

Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **IFRS 10 "Consolidated Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 11 "Joint Arrangements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 12 "Disclosures of Interests in Other Entities"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 27 (revised in 2011) "Separate Financial Statements"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),

2. MAIN ACCOUNTING POLICIES (continued)**Standards and Interpretations effective in the current period (continued)**

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance**, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 (revised in 2011) “Separate Financial Statements” – Investment Entities**, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 32 “Financial instruments: presentation” – Offsetting Financial Assets and Financial Liabilities**, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets**, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”– Novation of Derivatives and Continuation of Hedge Accounting**, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- **Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions** - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **IFRIC 21 “Levies”** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

2. MAIN ACCOUNTING POLICIES (continued)**Standards and Interpretations issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS in full):

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

At the same time, foreign exchange hedge accounting regarding the portfolio of financial assets and liabilities, whose principals have not been adopted by the EU, is still unregulated.

According to the Group's estimates, application of foreign exchange hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement”, would not significantly affect the financial statements, if applied as at the balance sheet date.

2. MAIN ACCOUNTING POLICIES (continued)***Business combination***

Acquisitions of subsidiaries and activities are accounted for using the acquisition method. The business combination cost is measured as the sum of the fair value (on the exchange date) of assigned assets, estimated or undertaken liabilities and capital instruments issued by the Group in exchange for the control of the acquired company, plus any costs directly attributable to the business combination. The acquired company's assets, liabilities and potential liabilities fulfilling the conditions to be recognized in accordance with IFRS 3 *Business Combination* are recognized at fair value less sale costs on the acquisition date except for assets held for sale (IFRS 5), recognized at the minimum value of net book value and fair value reduced by the sale cost.

Goodwill from acquisitions is recognized as asset and is measured initially at cost. It represents the value exceeding the acquisition cost of the Group's participating interests compared to the net fair value of recognized assets, liabilities and potential liabilities. If, further to valuation, the Group's interests in the net fair value of identifiable assets, liabilities and potential liabilities of the acquired company exceed the cost of the business combination, then the excess value is immediately recognized in the income statement. According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any losses of value.

The interests of minority shareholders in the acquired company are initially measured as the minority portion of the net fair value of recognized assets, liabilities and potential liabilities.

Interests in joint ventures

The Group reports its interests in jointly controlled entities by using the pro rata consolidation method. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent elements in the consolidated financial statements, row by row.

If the Group carries out transactions with its jointly controlled entities, the unrealized profit and losses are eliminated within the limit of the Group's interests in the joint venture.

Goodwill

Goodwill arising from the acquisition of a subsidiary or a jointly controlled entity represents the value exceeding the acquisition cost of the Group's participating interests compared to the net fair value of the assets, liabilities and potential liabilities of the subsidiary or jointly controlled entity, recognized on the acquisition date. Goodwill is initially recognized as asset at cost and is subsequently measured at cost less accumulated impairment losses.

To test impairment, goodwill is allocated to each of the Group's cash generating unit that is expected to generate benefits from the synergy of the combination. Cash generating units to which goodwill has been allocated are tested for impairment on an annual basis or more often when there is indication that the unit may be subject to impairment. If the recoverable amount of the cash generating unit is lower than the unit's book value, then the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to other assets of the unit, percentage based depending on the book value of each unit asset. Impairment losses recognized for goodwill are not carried forward to a subsequent period.

Upon the sale of a subsidiary or jointly controlled entity, the attributable value of goodwill is included when determining the profit or the loss upon sale.

Income recognition

Income is measured at the fair value of amounts received or receivable. Income is reduced by the value of returns, commercial rebates and other similar costs.

2. MAIN ACCOUNTING POLICIES (continued)***Sale of goods***

Income from sale of goods is recognized when the following conditions are met:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The value of the income can be measured reliably.

Dividend and interest income

Income from dividends related to investments is recognized when the shareholders' right to receive them is established.

Interest income is recognized on a timely basis, by reference to the outstanding capital and the actual applicable interest rate, which is the exact discount rate of future cash received estimated throughout the life of the financial asset, within the limit of the net book value of such asset.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Foreign currency transactions

The Group operates in Romania and its functional currency is the Romanian leu.

When preparing the financial statements of individual entities and the Group, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Foreign exchange differences are recognized in the profit and loss as they arise.

Costs related to long-term borrowings

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale.

All the other borrowing costs are recognized in the income statement as incurred.

2. MAIN ACCOUNTING POLICIES (continued)***Government subsidies***

Government subsidies are not recognized until there is reasonable assurance that the Group will comply with the conditions of such subsidies and the subsidies are received.

Government subsidies whose main condition is that the Group acquire, build or otherwise obtain non-current assets are recognized as deferred income in the balance sheet and are transferred to the income statement systematically and rationally throughout the useful life of such assets.

Other Government subsidies are systematically recognized as income in the same period as the costs they are intended to offset. Government subsidies received as compensation for expenses or losses already recorded or intended to grant immediate financial support to the Group, without future related costs, are recognized in the income statement when they become due.

Employee contributions

The Group makes payments to the State budget for social insurance, pension and unemployment benefits at the rates provided by law and in force during the year, calculated based on gross salaries. The cost of these contributions is charged to the income statement in the same period as the related salary costs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Provisions for taxes and levies

As at December 31, 2014 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

Deferred tax

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary deductible differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. MAIN ACCOUNTING POLICIES (continued)Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set them off similarly to current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognized as expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered when calculating goodwill or when determining the excess of the acquirer's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company on cost.

Property, plant and equipment

Land and buildings held to be used in the production or delivery of goods or services or for administrative purposes are recorded in the balance sheet at historical value adjusted to the effect of hyperinflation as at December 31, 2003, according to IAS 29 *Financial Reporting in Hyperinflationary Economies* less the subsequently accumulated depreciation and other losses of value.

As of December 31, 2013 the Group companies conducted a valuation of land and buildings based on a valuation report issued by a professional valuator, in order to determine the fair value thereof as at the balance sheet date. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity.

Gains and losses on the sale or disposal of an asset are determined as difference between income from the asset sale and their net book value. Gains and losses are recognized in the Income Statement.

The buildings' depreciation is charged to the income statement.

Assets under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost. Depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready for their intended use.

Plant and equipment are recorded in the balance sheet at historical cost adjusted to the effect of hyperinflation as at December 31, 2003, in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* less the subsequently accumulated depreciation and impairment losses.

Depreciation is registered so as to diminish the cost other than the cost of land and buildings under construction, throughout their estimated useful life, on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

2. MAIN ACCOUNTING POLICIES (continued)***Property, plant and equipment (continued)***

Losses or gains from selling or disposing a tangible asset are computed as difference between sale revenues and the net book value of the asset and are recognized in the income statement.

The following useful lives are used in the depreciation calculation:

Buildings	5 – 45 years
Plant and equipment	3 – 20 years
Other installations, office equipment	3 – 30 years
Vehicles in finance lease	5 – 6 years

Investment property

Investment property are properties held to earn rentals and/or for future capital appreciation. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Intangible assets**Intangible assets acquired separately**

Intangible assets acquired separately are carried at cost less accumulated amortization. Amortization is calculated on a straight line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The calculation of amortization uses the following useful lives:

<u>Licences</u>	1 – 5 years
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Impairment of tangible and intangible assets, goodwill exclusively

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. MAIN ACCOUNTING POLICIES (continued)***Impairment of tangible and intangible assets, goodwill exclusively (continued)***

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognized as provision is the best estimate of the required amount to settle the obligation at the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle the current obligation, then the carrying value is the current value of such cash flows.

Warranties

Provisions for warranties are recognized on the selling date of the products, according to the managements' best estimate regarding the expenditure required to settle the Group's obligation.

Financial assets and liabilities

The Group's financial assets include cash and cash equivalent, trade receivables and long-term investments. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts, trade liabilities and other liabilities. For each element, the accounting policies on recognition and measurement are presented in this note. The management considers that the estimated fair values of such instruments approximate their carrying values.

Borrowings are initially recognized at fair value less costs incurred with such operation. Subsequently, they are registered at amortized cost. Any difference between the entry value and the repayment value is recognized in the income statement over the borrowing term, using the effective interest method.

Financial liabilities are classified as liabilities or equity according to the substance of the contractual arrangements. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or income. Distributions to equity holders are directly recorded to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on net basis, or to realize the asset and simultaneously write off the obligation.

The classification of investments depends on their nature and scope and is determined on the initial recognition date.

2. MAIN ACCOUNTING POLICIES (continued)Financial assets available for sale (AFS)

Shares held in an unlisted capital instruments are classified as AFS and are registered at fair value. Gains and losses arising from changes in fair value are directly recognized in equity, in investment revaluation reserves, except for impairment losses, interest calculated using the effective interest method and gains and losses from the exchange rate of monetary assets, which are recognized directly in profit and loss. If the investment is sold or it is found impaired, then the gain or loss previously cumulated previous recognized in the investment revaluation reserve, is included in the profit and loss of the period.

Dividends from AFS capital instruments are recognized in profit and loss when the Group's right to receive them is established.

Impairment of financial assets

Financial assets, other than the ones recognized at fair value through the profit and loss account, are measured for impairment on each balance sheet date.

Financial assets are impaired when there is objective evidence that one or more of the events occurring after initial recognition have affected future cash flows related to the investment.

For shares available for sale, a significant or extended decline of the fair value of the security below its cost is considered objective evidence of impairment.

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impaired, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Group's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with payment incidents regarding receivables.

The carrying value of a financial asset is reduced by impairment loss, directly for all financial assets, except for trade receivables, in which case the carrying value is reduced by using a provision account. If a receivable is considered non-recoverable, it is eliminated and deducted from the provision. Subsequent recoverable of amounts previously eliminated are credited in the provision account. Changes in the carrying value of the provision account are recognized in the profit and loss account.

Derecognition of assets and liabilities

The Group derecognizes financial assets only when the contractual rights over cash flows related to the assets expire; or when it transfers the financial asset and substantially all risks and rewards related to the asset to another entity.

The Group derecognizes financial assets when and only when the Company's liabilities have been paid, written off or expired.

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. INCOME

An analysis of the Group's income for 2014 is presented below:

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from sale of finished products	135,523	118,521
Income from sale of commodities	33,753	27,852
Income from services delivered	5,692	5,400
Other income (income from sale of semi-finished goods, residual goods, other income)	19,962	18,083
Total	194,930	169,856

Segment reporting	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales on domestic market (Romania)	132,115	112,594
Sales on foreign market (Europe)	62,764	57,121
Other (Israel, Taiwan)	51	141
Total	194,930	169,856

	Segment income		Segment profit	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Plastics	132,591	123,553	22,477	17,860
Compound recycled products	7,050	3,848	(360)	(1,568)
Other productive sectors	7,172	7,755	1,601	1,861
Other	48,117	34,699	3,022	3,178
Total from operations	194,930	169,856	26,710	21,331
Investment income	-	-	7,018	2,900
Other income	-	-	1,560	1,387
Administrative and salary expenses	-	-	(22,198)	(27,009)
Finance expenses	-	-	(2,823)	(3,121)
Profit before taxation	-	-	12,407	4,512

3. INCOME (continued)

Investment Income	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Rental income	1,815	2,779
Dividends from related parties	5,080	-
Interest Income	113	89
Other income	10	32
Total	7,018	2,900

"Plastics" segment include income obtained by the Group from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (expanded polystyrene trays - standard and catering, expanded polystyrene boards for floor insulation), PVC tubes, etc.

"Compounds – Recycled products" segment includes income from sale of compounds and regranulated materials made of recycled polymers and plastics compounds made of virgin polymers used by the processors of plastics products that manufacture items for various uses in the automotive industry, the electrical and household industry, furniture, constructions, pipes, packaging, etc.

Other productive sectors include the following groups of products:

- **"Materials for respiratory protection and activated coal"** include respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as activated coal applied in different actions of purification of methane in the biodegradation of household waste, pit soil reclamation, retention of toxic gas from incinerators, etc.
- **"Filters"** include sales of oil, fuel and air filters for both motor vehicles and industrial use.
- **"Processed PVC"** includes products made of recycled materials used to produce traffic signs.

"Manufacture of synthetic fibres" presents income obtained from the sale of synthetic fibres.

"Dismantling of materials" includes income obtained by the Group from dismantling household appliances, obsolete computers and the recovery of recyclable waste.

"Recycling of non-metallic waste" includes the recycling of non-metallic waste and scraps and included in the industrial use.

3. INCOME (continued)

Other activities include income obtained from other activities representing sales of commodities, rentals and services.

	Asset segment		Liability segment	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Assets and liabilities				
Romcarbon, LivingJumbo				
Romcarbon				
Romcarbon				
Romcarbon				
Polyethylene + polystyrene + polypropylene plastics	92,335	90,969	66,426	66,250
Compound recycled products	64,424	61,054	19,007	22,215
Other productive sectors	11,848	13,225	4,872	4,941
Other activities	101,607	100,729	34,735	36,165
Total assets/liabilities	270,214	265,979	125,040	129,573

	Depreciation segment		Segment of non-current assets additions *	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Depreciation and non-current assets additions				
Romcarbon, LivingJumbo				
Romcarbon				
Romcarbon				
Romcarbon				
Polyethylene + polystyrene + polypropylene plastics	3,004	3,955	1,545	5,772
Compound recycled products	2,682	2,607	1,081	612
Other productive sectors	582	236	1,136	1,837
Other activities	2,483	1,100	652	1,076
Total	8,752	7,900	4,414	9,298

* Non-current assets additions represent inflows of fixed assets during the year and do not include inflows from purchases of subsidiaries.

In "Other activities" segment, the Group has one client (Kasakrom Chemicals SRL) whose turnover represent 17% of the Group's income accounts.

4. RAW MATERIALS AND CONSUMABLES USED

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	87,846	56,646
Commodities sold	6,222	4,909
Energy expenses	7,201	8,159
Goods sold	29,862	46,627
Packaging cost	269	219
	131,340	116,561

5. OTHER GAINS AND LOSSES

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from the sale of fixed assets	41	3,566
Other income	58	131
FOREX gains	3,650	7,588
FOREX losses	(3,717)	(9,428)
Income from changes in fair value of investment property	163	2,139
Expenses from assets disposed and capital operations	(52)	(2,394)
Client allowances	(273)	(1,109)
Compensations, fines and penalties	239	181
Net income from provisions	433	290
Other finance income	-	1
Other general expenses	(8)	(18)
Total	534	947

6. DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Amortization/depreciation	8,751	7,900
of which:		
Depreciation of property, plant and equipment	8,519	7,690
Amortization of intangible assets	232	210

7. EXPENSES WITH SALARIES AND SOCIAL LEVIES

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	27,673	24,678
Social contributions	7,800	7,211
Meal tickets	1,132	933
Total	36,605	32,822

8. FINANCE COSTS

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Total interest	2,407	2,641
of which:		
Interest	2,407	2,641
Bank commissions and assimilated charges	416	480
Total	2,823	3,121

9. OTHER EXPENSES

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	389	328
Expenses with rents	511	272
Expenses with insurance premiums	267	292
Research expenses	15	9
Other expenses with commissions	364	462
Protocol, advertising and publicity expenses	1,112	1,123
Transport	4,975	4,293
Expenses with travels	197	158
Expenses with postal charges and telecommunications	233	253
Expenses with third party services	7,392	5,277
Other taxes and levies	704	762
Losses on receivables and sundry debtors	319	498
Expenses with indemnifications, fines and penalties	3	73
Other expenses	706	856
Total	17,187	13,898

10. INCOME TAX***Income tax expenses***

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income tax expenses comprise:		
Current income tax expense	745	617
Deferred tax income expense	472	313
Total expense (income) with income tax	1,217	930

The tax rate applied for the reconciliation above related to 2014 and 2013 is 16% and is due by all Romanian legal persons.

10. INCOME TAX (continued)

The total expense of the year may be reconciled with the accounting profit as follows:

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Profit before taxation	12,407	4,511
Tax calculated according to the 16% rate	1,985	722
Effect of non-taxable income	(1,865)	(475)
Sponsorship deductions	(22)	-
Tax loss from previous years	-	-
Effect of deferred tax	471	313
Effect of non-deductible expenses	647	369
Expense with income tax recognized in income statement	1,217	930

Components of deferred tax liabilities

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Property, plant and equipment	9,417	8,992
Inventories	1,920	1,860
Trade and other receivables	(124)	(124)
Trade and other liabilities	(171)	(157)
Other	-	-
Recognised deferred income tax liabilities	11,042	10,571
of which deferred tax on revaluation reserves from comprehensive income	-	4,656

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Opening balance as at January 1	10,571	14,913
(Expense) / Income during the year		
- movement from revaluation reserves	-	(4,656)
- recognised in income statement	471	314
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	11,042	10,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. PROPERTY, PLANT AND EQUIPMENT

COST	Land thousand LEI	Constructions thousand LEI	Plant and equipment thousand LEI	Other fixtures, plant and furniture thousand LEI	Tangible assets in progress and advances thousand LEI	Total thousand LEI
Balance as at January 1, 2013	85,750	18,591	71,299	1,226	5,252	182,118
Additions, of which	38	4,718	5,930	78	7,500	18,264
Revaluation increases	5	1,459	-	-	-	1,464
Acquisitions	32	3,259	5,930	78	7,500	16,799
- Transfers	-	3,172	4,705	45	-	7,922
Disposals, of which	(31,266)	(5,916)	(394)	(17)	(8,867)	(46,460)
Revaluation decreases	(30,540)	(25)	-	-	-	(30,565)
- Transfers	-	-	-	-	(7,921)	(7,921)
Balance as at December 31, 2013	54,522	17,393	76,835	1,287	3,885	153,922
Balance as at January 1, 2014	54,522	17,393	76,835	1,287	3,885	153,922
Additions, of which	-	362	4,007	45	5,882	10,296
Revaluation increases	-	-	-	-	-	-
Acquisitions	-	362	4,007	45	5,882	10,296
- Transfers	-	362	3,846	39	-	4,246
Disposals, of which	-	(1)	(442)	(12)	(5,621)	(6,077)
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	(4,052)	(4,052)
Balance as at December 31, 2014	54,522	17,754	80,405	1,315	4,146	158,141

* Additions of fixed assets in amount of LEI 10,296 thousand in 2014 consist in: LEI 5,882 thousand representing transfers and LEI 4,414 thousand representing additions during the year.

* Disposals of fixed assets in amount of LEI 6,077 thousand in 2014 consist in: LEI 5,621 thousand representing transfers and LEI 456 thousand representing disposals during the year.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land thousand LEI	Buildings thousand LEI	Plant and equipment thousand LEI	Installations and furniture thousand LEI	Tangible assets in progress thousand LEI	Total thousand LEI
CUMULATED DEPRECIATION						
Balance as at January 1, 2013	-	2,687	22,134	365	-	25,186
Depreciation charge	3	1,304	6,364	121	-	7,792
Disposals from sale of assets	-	(3,740)	(388)	(12)	-	(4,140)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2013	3	251	28,110	474	-	28,838
Balance as at January 1, 2014	3	251	28,110	474	-	28,838
Depreciation charge	4	1,846	6,567	102	-	8,519
Disposals from sale of assets	-	(1)	(343)	(9)	-	(353)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	4	-	-	4
Balance as at December 31, 2014	7	2,096	34,337	567	-	37,007
NET BOOK VALUE						
As at December 31, 2013	54,519	17,142	48,725	813	3,885	125,085
As at December 31, 2014	54,515	15,658	46,067	747	4,146	121,134

11. PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2013 the Company revaluated tangible assets from the land and buildings category using the services of an independent valuator. The differences in value reflected in the financial statements ended December 31, 2013 amounted to LEI 29,101 thousand.

The net book value of tangible assets under finance lease is LEI 8,403 thousand as at December 31, 2014 (LEI 9,684 thousand as at December 31, 2013).

As regards Romcarbon SA, there is a surface area of 2 ha, the company's property, which is claimed in court by a natural person. Given that the plaintiff does not have documents attesting with clarity the lawfulness of the claims, the company management considers that the final ruling to be issued by the court of law will be favourable to the company and will reject the plaintiff's application.

Pledged and restricted tangible assets**ROMCARBON S.A.**

Tangible assets having a net book value of LEI 124,746 thousand as at December 31, 2014 (December 31, 2013: LEI 115,233 thousand) represent security for loans and credit lines contracted from: Banca Românească-NBG Malta, BRD GSG, UniCredit Tiriac Bank. Some of the commercial banks issued letters of guarantee for certain loans contracted in order to finance the activity. To issue such letters of guarantee, the company pledged fixed assets with a net book value of LEI 218 thousand as at December 31, 2014 (December 31, 2013: LEI 339 thousand).

Living Jumbo Industry S.A.

Tangible assets with a net book value of LEI 5,430 thousand as at December 31, 2014 (December 31, 2013: LEI 5,430 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG.

12. GOODWILL

	Year ended December 31, 2014	Year ended December 31, 2013
COST	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance at the beginning of the year	143	143
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143	143

According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any impairment.

13. OTHER INTANGIBLE ASSETS

	Licences	Other intangible assets	Intangible assets in progress	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
COST				
Balance as at January 1, 2013	429	939	-	1,368
Additions, of which	95	6	-	101
Transfers	-	-	-	-
Acquisitions	95	6	-	101
Disposals, of which	(216)	(31)	-	(247)
Decreases	(216)	(31)	-	(247)
Transfers	-	-	-	-
Balance as at December 31, 2013	308	914	-	1,222
Balance as at January 1, 2014	308	914	-	1,222
Additions, of which	74	230	-	304
Transfers	-	-	-	-
Acquisitions	-	-	-	-
Disposals, of which	-	-	-	-
Decreases	(4)	-	-	(4)
Transfers	-	-	-	-
Balance as at December 31, 2014	378	1,144	-	1,522
CUMULATED AMORTIZATION				
Balance as at January 1, 2013	541	215	-	756
Expenses with amortization	77	132	-	209
Write-offs on disposal of assets	(216)	(26)	-	(242)
Transfer	-	-	-	-
Balance as at December 31, 2013	402	321	-	723
Balance as at January 1, 2014	402	321	-	723
Expenses with amortization	-	232	-	232
Write-offs on disposal of assets	(3)	-	-	(3)
Transfer	(21)	21	-	-
Balance as at December 31, 2014	378	574	-	952
NET BOOK VALUE				
As at December 31, 2013	(95)	593	-	498
As at December 31, 2014	-	570	-	570

14. OTHER FINANCIAL ASSETS

Details on the Group's associates are as follows:

Name of investment	Core activity	Place of establishment and operations	Ownership interest	
			December 31, 2014	December 31, 2013
			%	%
Kang Yang Biotechnology CO. LTD	Manufacture of products beneficial for human health	Taiwan	5%	5%
Romgreen Universal LTD "Greenlife"	Business and other management consultancy activities, core activity	Cyprus	25%	25%
Ecological Association	Non-profit organization	Romania	33.33%	33.33%
Registrul Miorita SA	Insurance related to Shareholders' Registry	Romania	4%	4%
Yenki		Romania	33.34%	25%

Changes of investment regarding associates and financial assets:

	December 31, 2014	December 31, 2013
	'000 RON	'000 RON
As at January 1	26,558	23,649
Share of profit of associates (Romgreen)	2,346	2,705
Additions	-	204
Transfer to other comprehensive income	(356)	-
Dividends collected elimination	(4,624)	-
Others	6	-
Total	23,930	26,558

As of December 31, 2014, the group recorded an impairment in amount of LEI 12 thousands for the investment held in Yenki.

15. INVENTORIES

	Year ended December 31, 2014	Year ended December 31, 2013
	thousand LEI	thousand LEI
Raw materials	13,331	12,992
Consumables	2,223	1,795
Items of inventory	101	127
Packaging	127	119
Finished products	2,687	2,342
Production in progress	3,957	3,149
Semi-finished products	1,405	732
Residual products	17	6
Commodities	423	157
Impairment allowances for inventories	(805)	(805)
Total	23,466	20,614

This is a free translation from the original Romanian version.

15. INVENTORIES (continued)

Inventories cost recognised in the income statement in 2014 amounted to LEI 131,340 thousand (in 2013 they amounted to LEI 116,561 thousand).

In 2014, the Group's average turnover was 41 days, as compared to 44 days in 2013.

16. TRADE AND OTHER RECEIVABLES

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Trade receivables	34,225	32,411
Allowances for doubtful clients	(2,096)	(2,247)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	567	444
Advances to services suppliers	262	794
Subsidies	-	-
Warranties withheld	76	40
Other receivables	19	(38)
Total	33,053	31,404

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Changes of allowance for doubtful clients		
Balance at the beginning of the year	2,243	1,458
Receivables transferred to expenses during the year	309	1,076
Decrease of allowance recognized in profit and loss	(456)	(291)
Balance at the end of the year	2,096	2,243

When determining the recoverability of a receivable, the Group takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and the client portfolio is diverse. Therefore, the Group's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

	Analysis of receivables past due beyond 60 days		Analysis of value adjustments by age	
	December 31, 2014 <i>thousand LEI</i>	December 31, 2013 <i>thousand LEI</i>	December 31, 2014 <i>thousand LEI</i>	December 31, 2013 <i>thousand LEI</i>
60 - 90 days	426	206	-	(25)
90 - 120 days	14	17	-	-
More than 120 days	3,490	1,662	(2,096)	(2,219)
Total	3,930	1,885	(2,096)	(2,243)

17. OTHER CURRENT ASSETS

	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Suppliers-debtors for services	-	-
Pre-paid amounts	198	177
Taxes recoverable	758	1.173
Total	956	1.350

18. ISSUED CAPITAL

	Share capital	
	Year ended December 31, 2014	Year ended December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
264,122,096 fully paid ordinary shares (2013: 264,122,096). The value of one share is RON 0.1	26,412	26,412
Total	26,412	26,412

	December 31, 2014		December 31, 2013	
	Number of shares	% ownership	Number of shares	% ownership
Living Plastic Industry S.R.L.	86,774,508	32.85%	86,774,508	32.85%
Joyful River Limited Loc. Nicosia CYP	615,500	0.23%	54,195,089	20.52%
Unitai International Corporation	54,195,089	20.52%	615,500	0.23%
Romanian Opportunities Fund loc. WINDWARD CYM	37,622,431	14.24%	37,622,431	14.24%
Palmer Capital Emerging Europe Equity (fost Mei Roemenie en Bulgarije)	20,083,344	7.60%	14,494,004	5.49%
HypoSwiss Lux Fund – Danube Tiger	4,294,004	1.63%	25,802,766	9.77%
Other legal persons	31,641,620	11.98%	28,057,647	10.62%
Other natural persons	28,895,600	10.94%	16,560,151	6.27%
Total	264,122,096	100.00%	264,122,096	100%

Between April and May 2009, the share capital of S.C. ROMCARBON S.A. was increased by the issuance of 78,181,818 new nominal shares having a nominal value of LEI 0.1 each, of which 77,664,829 shares were subscribed resulting in the LEI 7,766 thousand increase and 516,989 shares were cancelled. The issuance price of the new shares also included the share premium of LEI 0.01 per share, registering a total value of LEI 776 thousand.

The main characteristics of the securities issued by the company: 264,122,096 nominal shares, dematerialized, having a nominal value of LEI 0.1.

On March 26, 2013 the Company approved to cover the loss carried forward registered in the financial statements under "Retained earnings from the first-time adoption of IAS 29", loss which arises from the adoption of IAS 29 "Financial reporting in hyperinflationary economies" in amount of LEI 202,093 thousand as follows: LEI 201,640 thousand under "Share capital adjustments" and LEI 453 thousand under "Other items of equity".

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19. RESERVES

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Revaluation reserves	45,185	45,943
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1,048)	(40)
Total	44,137	45,903

20. RETAINED EARNINGS

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Balance at the beginning of the year	59,541	(148,967)
Net profit attributable to parent	11,318	3,653
Write-off of application of IAS 29 on capital accounts	-	201,943
Reclassification of revaluation reserve to retained earnings	758	4,025
Transfers from revaluation reserves	-	534
Write-off of transfer of revaluation reserve to reserve realised in 2011	-	-
Sales of subsidiaries	-	-
Dividends paid	(1,004)	(1,682)
Other	65	35
Balance at the end of the year	70,678	59,541

21. NON-CONTROLLING INTERESTS

	Year ended December 31, 2014 <i>thousand LEI</i>	Year ended December 31, 2013 <i>thousand LEI</i>
Balance at the beginning of the year	2,368	3,148
Share of profit for the year	(128)	(72)
Share of other items of capital	(409)	26
Increases from acquisition of interests	-	-
Dividend distribution	-	-
Decreases in minority interests due to changes in the interest percentage	-	(734)
Sales of subsidiaries	-	-
Other	(66)	-
Balance at the end of the year	1,765	2,368

22. BORROWINGS

	Short-term		Long-term	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Secured borrowings – at amortised cost				
Overdraft and Investment loans	44,070	43,869	14,843	21,925
Lease liabilities	1,678	1,503	2,705	3,791
Total	45,748	45,372	17,548	25,716

Short-term bank loans	Entity	December 31, 2014	December 31, 2013
		<i>thousand LEI</i>	<i>thousand LEI</i>
Loan in Euro – Raiffeisen Bank	Romcarbon	-	-
Credit line in Euro – BRD	Romcarbon	11,173	11,428
Investment loan in Euro – BRD	LivingJumbo Industry	335	335
Credit line in Euro – BRD	LivingJumbo Industry	-	-
Investment loan in Euro – BRD [IEC project]	LivingJumbo Industry	494	494
Credit line in Euro – UniCredit Tiriace Bank SA	Romcarbon	15,463	15,472
Loan for financing current activity in Euro – UniCredit Tiriace Bank SA	Romcarbon	9,099	8,994
Credit line in EURO – UniCredit Tiriace Bank SA	Taipei Cimeo SRL	440	169
Credit line in Euro – NBG London	Romcarbon	-	-
Investment loan in Euro – NBG Malta	Romcarbon	4,711	4,713
Investment loan in Euro – BCR [IEC project]	Romcarbon	-	2,260
Investment loan in Euro – BRD I	Romcarbon	2,355	-
Total		44,070	43,869

Long-term bank loans	Entity	Year ended December 31, 2014	Year ended December 31, 2013
		<i>thousand LEI</i>	<i>thousand LEI</i>
Investment loan in Euro – NBG Malta	Romcarbon	9,029	13,748
Investment loan in Euro – BCR [IEC project]	Romcarbon	-	7,347
Investment loan in Euro – BRD	Living Jumbo Industry	-	335
Investment loan in Euro – BRD [IEC project]	Living Jumbo Industry	-	494
Investment loan in Euro – BRD I	Romcarbon	5,103	-
Investment loan in Euro – BRD II	Romcarbon	711	-
Total		14,843	21,925

22. BORROWINGS (continued)

As at December 31, 2014, the Group had more loans contracted from various banks, the most important of which are presented below.

Romcarbon S.A. borrowings**a) Credit line contracted from UniCredit Tiriac Bank in amount of EUR 3,450,000**

- Outstanding amount as at December 31, 2014: LEI 15,463,245 (equivalent of EUR 3,450,000)
 - Due on: July 2, 2015
 - Securities:
1. Security interest in real estate on the following immovable assets (land + constructions), having a net book value as at December 31, 2014 of LEI 29,657,438, as follows:
 - cadastral no. 59505 formerly, 18740 (having a total surface area of 3,933 sq m) located on the ring road Simileasca (DN2), Buzău, together with mortgage over the superficies right and the construction built by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;
 - cadastral no. 59506 formerly, 18741 (having a total surface area of 64,256 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 59507 formerly, 18742 (having a total surface area of 70,231 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 52858 formerly, 344/1/15/2 (having a total surface area of 5,467 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54553 formerly, 18335 (having a total surface area of 23,451 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 52784 formerly, 344/1/5 (having a total surface area of 7,659 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 52768 formerly, 344/1/7 (having a total surface area of 10,191 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54575 formerly, 344/1/1 (having a total surface area of 9,814 sq m) located at Str. Transilvaniei, 132, Buzău.
 2. Security interest in personal property over the credit balance of the accounts in LEI or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Tiriac Bank - Buzău Branch;
 3. Security interest in personal property over 70 machinery having a net book value of LEI 718,493 as at December 31, 2014;
 4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with LivingJumbo Industry SA (except contract no. 161.28.01.2010 assigned to BCR). P.H. Bratpol Poland. Yugosac D.O.O.Serbia;
 5. Mortgage over movable assets in the form of inventory having a maximum value of EUR 1,500,000;
 6. Blank promissory note, with the mention "No Protest";
 7. LivingJumbo Industry SA being co-borrower.

22. BORROWINGS (continued)

- b) Credit line for the EUR 2,500,000 financing** contracted from UniCredit Tiriac Bank in accordance with the loan contract for general expenses, resulting from the conversion of the credit line granted for financing the purchase of raw materials from suppliers (required to execute the contract with Kasakrom Chemicals SRL).
- Outstanding amount as at December 31, 2014: LEI 9,098,964 (equivalent of EUR 2,030,067)
 - Due on: 04.07.2015
 - Securities:
1. Security interest in real estate (land + constructions) having a net book value of LEI 25,402,457 as at December 31, 2014, as follows:
 - cadastral no. 59505 formerly, 18740, (having a total surface area of 3,933 sq m) located on the ring road Simileasca (DN2), Buzău, together with mortgage over the superficies right and the construction built by YENKI SRL holding SRC 22404794, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;
 - cadastral no. 59506 formerly, 18741 (having a total surface area of 64,256 sq m) located on the ring road Simileasca(DN2), Buzău;
 - cadastral no. 59507 formerly, 18742 (having a total surface area of 70,231 sq m) located on the ring road Simileasca(DN2), Buzău;
 - cadastral no. 64699 (having a total surface area of 5,467 sq m) resulted from dismantling of no. 52858 located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 64371 (having a total surface area of 23,451 sq m) resulted from dismantling of no. 54553, formerly 18335 located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54575 formerly, 344/1/1 (having a total surface area of 9,814 sq m) located at Str. Transilvaniei, 132, Buzău.
 2. Security interest in personal property over the credit balance of accounts in LEI or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Tiriac Bank – Buzău Branch;
 3. Security interest in personal property over 70 machinery having a net book value of LEI 718,493 as at December 31, 2014;
 4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with LivingJumbo Industry SA (except for contract no. 161/28.01.2010 assigned to BCR), P.H. Bratpol Polonia, Yugosac D.O.O.Serbia.
 5. Blank promissory note, with the mention "No Protest".
 6. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with KASAROM Chemicals SRL Bucharest, Arpa SA Logistics Grecia, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focsani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucuresti, V&T Trade Ltd Sofia Bulgaria, clients of SC ROMCARBON SA, which are assigned debtors, with possibility of supplementing such security by other new contracts/relations that will be performed throughout the validity period of the facility.
 7. LivingJumbo Industry SA being co-borrower.

22. BORROWINGS (continued)**c) Credit line contracted from BRD GSG in amount of EUR 2,550,000**

- Outstanding amount as at December 31, 2014: LEI 11,172,953 (equivalent of EUR 2,492,794)
- Due on: 30.09.2015
- Securities:
 1. Security interest in real estate over immovable assets (land + constructions) having a net book value of LEI 11,830,405 as at December 31, 2014 identified by the following cadastral nos.:
 - 61094 (formerly, 344/1/6) having a total surface area of 8,922 sq m; 52789 (formerly, 344/1/8) having a total surface area of 17,922 sq m; 61100 (formerly, 344/1/9) having a total surface area of 6,505 sq m; 52777 (formerly, 344/1/10) having a total surface area of 3,720 sq m; 52808 (formerly, 344/1/11) having a total surface area of 4,561 sq m, located at Str. Transilvaniei nr. 132, Buzău,
 - and cadastral no 52788 (6778), 52861 (6779), 52765 (6777), 61093-C1-U12 (2362/0;1), 61099-C1-U2 (1155/0;2) located at Bld. Unirii, bl. E3-E4, Buzau, having a total surface are of 287 mp.
 2. Security interest in personal property without dispossession over 31 machinery with a net book value of LEI 573,768 as at December 31, 2014;
 3. Security interest in personal property over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.

The Company has contracted as of December 31, 2014 the following long term loans:

a.1) Investment loan (- sublimit I contracted from Banca Românească - National Bank of Greece, Malta Branch at an initial value of EUR 5,300,000:

- Outstanding amount as at December 31, 2014: LEI 7,392,784 (echivalent of EUR 1,649,402)
- Interest rate: Euribor (1M) + 4.25%
- Due on: November 30, 2017

a.2) Investment loan (- sublimit II contracted from Banca Românească - National Bank of Greece. Malta Branch at an initial value of EUR 3,750,000:

- Outstanding amount as at December 31, 2014: LEI 6,347,419 (equivalent of EUR 1,416,171)
 - Due on: November 30, 2017
 - Joint securities for sublimits I and II
1. Security interest in real estate over immovable assets (land + constructions) having a total surface area of 92,555 sq m, having a net book value of LEI 36,115,201 as at December 31, 2014, located at Calea Chisinaului nr. 29, Iași (first rank mortgage – sublimit I and mortgage of subsequent rank – sublimit II);
 2. Security interest in personal property over the credit balance of the accounts opened in LEI or foreign currency by S.C. Romcarbon S.A. with Banca Românească - Buzău Branch;
 3. Blank promissory note.

b) Investment loan in amount of EUR 2,058,000 from BRD GSG:

- Outstanding amount as at December 31, 2014: LEI 7,457,833 (equivalent of EUR 1,663,915)
- Due on: March 1, 2018
- Securities:
 1. Security interest in personal property without dispossession over the credit balance of the accounts and sub-accounts opened in LEI and foreign currency by S.C. Romcarbon S.A. with BRD GSG Buzau;

22. BORROWINGS (continued)**b) Investment loan in amount of EUR 2,058,000 from BRD GSG (continued)**

2. Mortgage over property having a net book value of LEI 11,691,351 as at December 31, 2014, identified with the following cadastral nos: 54589 (ex. 344/1/13/2) having a surface of 2,534 mp; 64708 having a total surface of 10,077 mp r resulted by division of cadastral no (ex 344/1/15/1); 54304 (ex 13994) having a total surface of 16,787 mp;
3. Security interest in personal property without dispossession over 18 machinery purchased from this loan, having a net book value of LEI 20,598,631 as at December 31, 2014;
4. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch;

c) Investment loan II in amount of EUR 1,000,000 (partial utilised) from BRD GSG;

- Outstanding amount as at December 31, 2014: LEI 710,694 (equivalent of EUR 158,563)
 - Due on: September 3, 2022
 - Securities:
1. Security interest in personal property over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch;
 2. Security interest in personal property over the credit balance of the accounts opened by S.C. Living Jumbo Industry S.A. as co-debtor at BRD GSG - Buzău Branch;
 3. Security interest over the goods acquisitioned with the present loan, having an estimated value of EUR 1,400,000 (without VAT).

Borrowings of LivingJumbo Industry S.A.**a) Credit line contracted from BRD GSG within the limit of EUR 1,000,000**

- Outstanding amount as at December 31, 2014: 0
 - Due on: December 12, 2015
 - Securities:
1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of **EUR 1,252,000**;
 2. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch;
 3. Assignment of amounts received based on the commercial contracts concluded with clients in amount of **EUR 5,900,000 and LEI 7,050,000**.

b) Long-term loan contracted from BRD GSG at an initial value of EUR 249,120

- Outstanding amount as at December 31, 2014: LEI 334,974 (equivalent of EUR 74,736)
 - Due on: December 9, 2015
 - Securities:
1. Mortgage without dispossession over the machinery forming the object of the investment – weavers in amount of EUR 311,400;
 2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch.

22. BORROWINGS (continued)**c) Long-term loan contracted from BRD GSG at an initial value of EUR 385,680**

- Outstanding amount as at December 31, 2014: LEI 493,974 (equivalent of EUR 110,194)
 - Due on: December 19, 2015
 - Securities:
1. Mortgage without dispossession over the machinery forming the object of the investment – PP thread production line – in amount of EUR 944,600;
 2. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch;
 3. Mortgage over any amount received by the company from the Managing Authority for SOP IEC representing the counter value of non-refundable funds.

Borrowings of Taipei Cimeo S.R.L.***Credit line contracted from UniCredit Tiriac Bank within the limit of LEI 440,000***

- Outstanding amount as at December 31, 2014: LEI 493,944;
 - Due on: July 7, 2015
 - Securities:
1. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. Romcarbon S.A. with UniCredit Tiriac Bank – Buzău Branch;
 2. Promissory note issued by SC Taipei Cimeo SRL in favor of the Bank, with the mention “No protest”, endorsed by S.C. Romcarbon S.A.

23. OTHER CURRENT LIABILITIES

	Current	
	December 31, 2014	December 31, 2013
	thousand LEI	thousand LEI
Liabilities to employees	1,011	858
Liabilities related social contributions	948	902
VAT payable	1,068	551
Income tax	30	59
Tax on salaries	362	301
Other taxes payable	3	4
Other non-trade liabilities	-	-
Interest payable	-	-
Total	3,422	2,675

24. TRADE AND OTHER LIABILITIES

	December 31, 2014	December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	31,750	28,288
Suppliers invoices not received	677	644
Advances to clients	106	268
Sundry creditors (a)	2,163	2,116
Total	34,697	31,316

(a) Sundry debtors include LEI 385 thousand, which represents borrowings from natural and legal person shareholders, most of which to be repaid in 2014 (see note 29).

25. FINANCE LEASE OBLIGATIONS

Lease contracts

Finance leases refer to vehicles leased for 5-6 years' term. The Group has the option to purchase the equipment for a nominal amount at the end of the contractual terms. The Group's finance lease obligations are secured by the lessee's ownership right over the assets.

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Present value of finance lease payments				
Amounts due within one year	1,756	1,733	1,678	1,504
More than one year, but less than 5 years	2,980	4,039	2,705	3,791
Total lease liabilities	4,736	5,772	4,383	5,294
Less future finance expenses	(353)	(477)	-	-
Present value of finance lease payments	4,383	5,294	-	-
Included in the financial statements as:				
Short-term borrowings	1,678	1,504	-	-
Long-term borrowings	2,705	3,791	-	-

26. OTHER LONG-TERM LIABILITIES

As at December 31, 2014, investment subsidies received by the Group amounted to LEI 12,084 thousand, as follows:

- Romcarbon SA – LEI 11,052 thousand, of which for the project “Modernization of the undertaking by purchasing new technologies in production, reshaping, rehabilitation and extension of existing shopfloor” and it received LEI 12,061 thousand from the Ministry of Economy, Commerce and the Business Environment, through the Managing Authority under Sectoral Operational Program “Increase of Economic Competitiveness”.
- LivingJumbo Industry SA - LEI 1,031 thousand

Non-refundable amounts in the form of investment subsidies are transferred to income together with the monthly amortization.

27. FINANCIAL INSTRUMENTS***(a) Capital risk management***

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The Company's capital consists of liabilities, which include the borrowings presented in note 23, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 19, 20 and 21.

The management of the Group's risk also consists in a regular review of the capital structure. As part of this review, the management takes into account the cost of capital and risks associated with each class of capital. Based on the management's recommendations, the Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares, as well as by contracting new debts or settling existing debts.

(b) Main accounting policies

Details of the main accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Objectives of financial risk management

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analysing exposure by the degree and extent of risks. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it firstly to financial risks regarding the fluctuation of the foreign exchange rate (see (e) below) and interest rate (see (f) below).

There has been no change in the Group's exposure to market risks or in the manner the Group manages and measures risks.

(e) Currency risk management

The Group undertakes transactions denominated in various foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policies.

27. FINANCIAL INSTRUMENTS (continued)**(f) Interest rate risk management**

The Group is exposed to interest rate risk given that Group entities borrow funds both at fixed and at variable interest. The risk is managed by the Group by maintaining a balance between fixed rate and variable rate borrowings.

The Group's exposures to interest rates over financial assets are presented in the section regarding liquidity risk management under this note.

(g) Other risks regarding prices

The Group is exposed to risks related to equity, arising from equity investments. Equity investments are held for strategic purposes rather than commercial purposes. The Group does not actively trade such investments.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Trade receivables consist of a large number of clients from various industries and geographical areas. Credits are constantly assessed as regards the clients' financial status and, if applicable, credit insurance is concluded.

The Group does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Group defines counterparties as having similar characteristics when they are related entities. At no time during the year has the credit risk percentage exceeded 5% of the gross monetary assets.

(i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 32 includes a list of additional facilities not drawn, available to the Group in order to further mitigate liquidity risk.

(j) Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The financial statements include unlisted share holdings, measured at fair value. The best estimate for fair value is determined using the historical cost of shares.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of such instruments approximate their carrying values. The carrying values represent the Group's maximum exposure to credit risks related to existing receivables.

27. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are as follows:

2014	EUR 1EUR= LEI 4,4821 thousand LEI	USD 1USD= LEI 3,6868 thousand LEI	Leu 1 LEI	31-Dec-2014 Total thousand LEI
Cash and cash equivalents	7,250	13,356	40	20,646
Receivables and other current assets	30,568	3,421	20	34,009
LIABILITIES				
Trade and other liabilities	27,594	9,963	561	38,119
Short and long-term borrowings	440	58,473	-	58,913
Short and long-term finance lease liabilities	89	4,294	-	4,383
2013	EUR 1EUR= LEI 4,4847 thousand LEI	USD 1USD= LEI 3,2551 thousand LEI	Leu 1 LEI	31-Dec-2013 Total thousand LEI
Cash and cash equivalents	6,365	306	7,723	14,393
Receivables and other current assets	6,856	-	25,897	32,754
LIABILITIES				
Trade and other liabilities	6,932	1,323	25,736	33,991
Short and long-term borrowings	65,624	-	170	65,794
Short and long-term finance lease liabilities	5,295	-	-	5,295

This is a free translation from the original Romanian version.

27. FINANCIAL INSTRUMENTS (continued)

The Group is mainly exposed to EUR and USD exchange rates. The following table details the Group's sensitivity to a 10% increase and decrease in the LEI against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to top management and represents management's estimate of the reasonably possible changes in foreign exchange rates. The vulnerability analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In the following table, a negative number below indicates a decrease in profit, whereas the LEI weaken 10% against the EUR/USD. For a 10% strengthening of the LEI against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	December 31, 2014	December 31, 2013
	<i>thousand LEI</i>	<i>thousand LEI</i>
Loss	(4,676)	(7,109)

Tables regarding liquidity and interest rate risks

The following tables present the maturity terms of the Group's financial liabilities.

The tables have been prepared based on the cash flows, not current, of the financial liabilities on the nearest date when the Group is likely to be claimed payment. The table includes both interest and cash flows related to principal.

2014	Less than 1 year	1-2 years	2-5 years	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade and other current liabilities	38,119	-	-	38,119
Interest bearing instruments				
Short and long-term borrowings	44,070	2,355	12,488	58,913
Short and long-term leases	1,678	1,473	1,232	4,383
Non-interest bearing				
Cash and cash equivalents	20,646	-	-	20,646
Receivables and other current assets	34,009	-	-	34,009
2013	Less than 1 year	1-2 years	2-5 years	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade and other current liabilities	33,991	-	-	33,991
Interest bearing instruments				
Short and long-term borrowings	43,869	14,778	7,147	65,794
Short and long-term leases	1,503	3,054	737	5,295
Non-interest bearing				
Cash and cash equivalents	14,393	-	-	14,393
Receivables and other current assets	32,754	-	-	32,754

27. FINANCIAL INSTRUMENTS (continued)

The table below present the credit limit and the balance of 10 major counterparties as at the date of the balance sheet, in LEI:

Company	Counterparty	Turnover 2014	Value of receivable as at 31.12.2014	Credit limit	Credit in days
Romcarbon	Kasakrom Chemicals SRL	29,056	7,814	YES	max 105 days
Romcarbon	Ph Bratpol Jerzy Bratkowski	4,023	818	NO	75 days
Romcarbon	Dedeman SRL Bacau	3,231	317	NO	60 days
Romcarbon	Yugosac DOO Serbia	2,921	988	NO	60 days
Romcarbon	Arpa sa Logistics Grecia	2,794	426	NO	30 days
Livingjumbo Industry	Baobag Franta	10,286	1,144	NO	45 days
Livingjumbo Industry	Thrace Ipoma Bulgaria Expergo Business	4,445	411	NO	30 days
Livingjumbo Industry	Network SRL	4,176	1,818	NO	60 days
Livingjumbo Industry	Sigma Bags Polonia	4,140	322	NO	45 days
Livingjumbo Industry	Izomer Polonia	3,464	374	NO	45 days

28. RELATED PARTY TRANSACTIONS

The transactions among the Parent and its subsidiaries – Group's related parties – were eliminated from the consolidation and are not presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party.

Indemnities granted to top management

The remuneration of managers and other top management members was the following:

	December 31, 2014 <i>thousand LEI</i>	December 31, 2013 <i>thousand LEI</i>
Management salaries	2,628	2,603
Benefits for Board of Administration	601	691
Total	3,229	3,295

The remuneration of managers and executive personnel is determined by the shareholders, depending on individual performances and market conditions.

Shareholder borrowings

	December 31, 2014 <i>thousand LEI</i>	December 31, 2013 <i>thousand LEI</i>
WU HUI TZU (Living Jumbo Industry SA)	18	18
GREENTECH SA (Sigurec International SA)	-	2
WINPACK INDUSTRY (Eco Pack Management SRL)	365	350
(Greensort Recycling SRL)	2	1
Total	385	372

28. RELATED PARTY TRANSACTIONS (continued)*Related party transactions**(all amounts are expressed in thousand LEI)*

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related parties	
	12 months 2014	12 months 2013	12 months 2014	12 months 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Greenfiber International SA	3,198	3,341	162	295	488	242	37	51
Grinteh D.O.O Macedonia	-	-	-	139	-	-	-	59
Greenglass Recycling SA	7	12	259	-	-	1	125	-
Greentech sa	2,498	5,727	1,056	2,196	501	318	201	312
Total Waste Management	544	594	268	28	14	128	201	1
Greenweee International SA	599	605	1,296	741	94	66	179	94
Greenlamp reciclare SA	20	10	-	-	1	2	-	-
TOTAL	6,866	10,290	3,041	3,398	1,098	758	743	517

29. ACQUISITION OF SUBSIDIARIES

In 2014, the Group did not acquire new subsidiaries.

30. CASH ON HAND AND AT BANKS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts. Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	31/12/2014 <i>thousand LEI</i>	31/12/2013 <i>thousand LEI</i>
Cash at banks	20,600	14,350
Cash on hand	46	43
Cash equivalents	-	-
Total	20,646	14,393

31. INVESTMENT PROPERTY

Investment property	31/12/2014 <i>thousand LEI</i>	31/12/2013 <i>thousand LEI</i>
Land	34,059	34,042
Buildings	12,258	11,892
Total investment property	46,317	45,934

The Parent holds non-current fixed assets (land and buildings) located in Iași, Ștefănești and Buzău in amount of LEI 46,317 thousand.

The Group does not intend to use the assets in Iași in its core activity, they will be held for future capitalisation. In consideration of such fact, the property, plant and equipment in Iași were reclassified to investment property as at December 31, 2013 and December 31, 2014 based on IAS 40 "Investment property".

Both the land and the building were registered at the fair value of investment property based on the report of the independent valuator, prepared as at December 31, 2013, and December 31, 2014. Investment property is not subject to depreciation.

33. COMMITMENTS AND CONTINGENCIES**Potential tax liabilities**

In Romania, there are agencies authorized to conduct controls (audits). Such controls are to a great extent similar to those conducted in other countries by tax authorities, but may extend to other legal or regulatory fields in which the Romanian authorities may become interested. The Group is likely to continue to be subject to periodic controls for breaches or alleged breaches of new and existing laws and regulations. Although the Group may challenge the alleged breaches and penalties when the management considers that it is entitled to, the adoption or implementation of laws and regulations in Romania might have a significant effect on the Group. The tax system in Romania is under continual development, being subject to constant interpretations and changes, often retroactive. In Romania, the fiscal year remains open for fiscal verification for 5 years.

The Group's administrators consider that the Group's tax liabilities have been calculated and recorded according to the legal provisions.

33. COMMITMENTS AND CONTINGENCIES (continued)**Transfer pricing**

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices. Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification.

Environmental matters

The Group's core activity has inherent effects on the environment. The effects of the Group's activities on the environment are monitored by local authorities and the Group's management. Therefore, no provisions have been recorded for any obligations, not measurable at present, regarding the environment or the required remedy works.

34. SUBSEQUENT EVENTS**ROMCARBON S.A.**

In the meeting dated October 27, 2014, the Board of Administration approved the participation of S.C. ROMCARBON S.A., for obtaining a grant, under Sectorial Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007-2013 - co-funded by the European Regional Development Fund, Priority Axis 1 - An innovative and eco-efficient productive system, Major Field of Intervention DM1.1 - Productive investment and preparation of enterprises for the market competition, in particular SME's, Operation "Support to consolidate and modernize the productive sector through tangible and intangible investment", by submitting the project entitled - "Development of S.C. ROMCARBON S.A. through purchase of new equipment".

The project submitted by S.C ROMCARBON S.A was declared eligible at the end of February 2015. The total value of the project is LEI 37,860,168.20, of which LEI 14,605,371.86 represents the value of the non-refundable financial assistance.

On January 21, 2015, the Company fully reimburse the investment loan due in November 2017 – sublimit I (EUR 1,649,402) and sublimit II (EUR 1,416,171) – signed with Banca Romaneasca – NBG Malta.

The Company concluded with BRD in 2015 an investment loan with a due date is February 2022, in amount of EUR 3,153,160.

LIVINGJUMBO INDUSTRY S.A.

In the meeting dated December 29, 2014, the Board of Administration named a new Managing Director, Mrs. Carmen Manaila, for a 4 year period, respectively during January 1, 2015-January 1, 2019.

In February 2015 the Board of Administration approved the financial statements and authorized to be issued at March 25, 2015.

The financial statements were approved by the Board of Administration and were authorised for issuance on March 25, 2015.

PREPARED,**HUNG CHING LING,
ADMINISTRATOR****VIORICA ZAINESCU,
CHIEF FINANCIAL OFFICER****RADU ANDREI,
CHIEF EXECUTIVE OFFICER**

For signatures, please refer to the original Romanian version.



S.C. ROMCARBON S.A.



ADMINISTRATORS' CONSOLIDATED REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

ACTIVITY OF THE GROUP OF COMPANIES

As at December 31, 2014, SC ROMCARBON SA Buzau holds participations directly and/or indirectly in 16 companies:

Company	31/12/2014		Consolidation method
	Interest	Control	
RECYPLAT LTD CYPRUS	100.00%	100.00%	Global
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	99.50%	99.50%	Global
ECO PACK MANAGEMENT SA	25.36%	99.24%	Global
INFOTECH SOLUTIONS SRL	99.00%	99.00%	Global
LIVINGJUMBO INDUSTRY SA	99.00%	99.00%	Global
TOTAL COMMERCIAL MANAGEMENT SRL	95.00%	95.00%	Global
GRINFIL LLC UKRAINE	62.62%	62.62%	Global
GRINRUH LLC UKRAINE	62.62%	62.62%	Global
TAIPEI CIMEO SRL	60.00%	60.00%	Global
POLYMASTER CHEMICALS S.A	60.00%	60.00%	Global
GREENSORT RECYCLING SRL	51.00%	51.00%	Global
ASOCIATIA ECOLOGICA GREENLIFE	44.84%	44.84%	Equity method
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	4.81%	4.81%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area

SC ROMCARBON SA also holds participations through Recyplat LTD in Romgreen Universal LTD and its subsidiaries, according to the table below.

Company	31/12/2014		Consolidation method
	Interest	Control	
ROMGREEN UNIVERSAL LTD CYPRUS	25.00%	25.00%	Equity method
GREENLAMP RECICLARE SA	25.00%	25.00%	Equity method
GREENWEEE INTERNATIONAL SA	19.10%	19.10%	Equity method
GREENWEEE INTERNATIONAL HUNGARY KFT	19.10%	19.10%	Equity method
GREENTECH SA	17.56%	17.56%	Equity method
GREENGLASS RECYCLING SA	17.50%	17.50%	Equity method
GREENFIBER INTERNATIONAL SA	16.96%	16.96%	Equity method
GREENTECH DOO SERBIA	15.26%	15.26%	Equity method
GREENTECH RECYCLING DEUTSCHLAND GMBH	16.96%	16.96%	Equity method
GRINTEH MK DOO MACEDONIA	15.17%	15.17%	Equity method
GREENFIBRA HELLAS	10.17%	10.17%	Equity method
TOTAL ELECTRONIC WASTE MANAGEMENT SRL	19.40%	19.40%	Equity method
TOTAL WASTE MANAGEMENT SRL	17.53%	17.53%	Equity method



S.C. ROMCARBON S.A.



PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2014

PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at December 31, 2014 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD Cyprus is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, with a share capital of LEI 110,138, wholly owned by S.C. Romcarbon S.A. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastic finished products, recycling of plastic materials and purchase of plastic waste.

RC ENERGIO INSTALL S.R.L. is a company established in 2005, with a share capital of LEI 2,000, where S.C. Romcarbon S.A. holds 99.50% and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

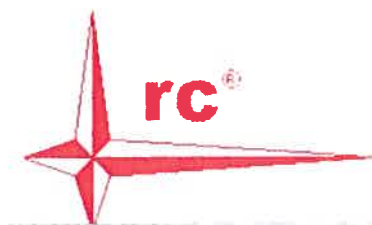
ECO PACK MANAGEMENT SA is a company established in 2010, with a share capital of LEI 1,446,000, where SC Romcarbon SA directly holds 25.36% and 73.88% indirectly, through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, with a share capital of LEI 2,000, where S.C. Romcarbon S.A. holds 99.00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Data processing, hosting and related activities (NACE code 6311).

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, with a share capital of LEI 806,400, where S.C. Romcarbon S.A. has held since 2011 99% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

TOTAL COMMERCIAL MANAGEMENT S.R.L. is a company established in 2006, with a share capital of LEI 200, where S.C. Romcarbon S.A. holds 95.00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the logistics and marketing-sale services and its main object of activity is Agents involved in the sale of a variety of goods (NACE code 4619).

GRINFILD LLC UKRAINE is a company established in 2007, with a share capital of LEI 4,312,062, where SC Romcarbon SA indirectly holds, through Recyplat LTD Cyprus, 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale.



S.C. ROMCARBON S.A.



GRINRUH LLC UKRAINE is a company established in 2007, with a share capital of LEI 4,426,809, where SC Romcarbon SA indirectly holds through Grinfield Ukraine, 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale.

TAIPEI CIMEO SRL is a company established in 2008, with a share capital of LEI 953,600, where SC Romcarbon SA directly holds 60.00% of the shares and the remaining shares are held by another foreign natural person. The company's main office is located in Buzău, str. Transilvaniei nr. 132, Pavilion Comercial, camera 2, Buzău county. The company's main object of activity is - NACE code 8690 - Other human health activities.

POLYMASTER CHEMICALS S.A is a company established in 2012, with a share capital of LEI 133,000, where SC Romcarbon SA directly holds 60.00% of the shares and the remaining shares are held by another foreign natural person. The company's main office is located in Buzau, str. Transilvaniei nr. 132, Cladirea C106 - partial - Atelier Metalic, judetul Buzau. The company's main object of activity is - NACE code 2221 - Manufacture of plastic plates, sheets, tubes and profiles. Between May 22, 2013 and May 21, 2016 the company's activity is suspended pursuant to art. 237 of Law 31/1990.

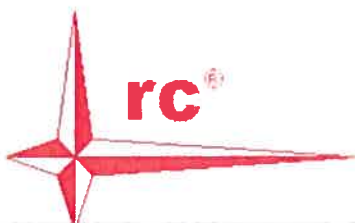
GREENSORT RECYCLING SRL is a company established in 2012, with a share capital of LEI 40,000, where SC Romcarbon SA directly holds 51.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located in Bucharest, Sector 1, Intrarea Dr. Iacob Felix, nr. 59, bl. A1, Sc. A, Ap. 30, Cam.1. The company's main object of activity is - NACE code 3832 - Recovery of sorted materials.

YENKI S.R.L. is a company established in 2007, with a share capital of LEI 328,000, where S.C. Romcarbon S.A. holds 25.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organisation. The association's patrimony amounts to RON 1,200. The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing the developing the field regarding environmental protection according to the international rules and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33.33% of its patrimony.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of LEI 124,583, where SC Romcarbon SA indirectly holds 25.00% of the shares through Recyplat LTD Cyprus. The company's main office is located in Akropoleos, 59-61, 3rd floor, office 301, Nicosia, Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

GREENLAMP RECICLARE S.A. is a company established in 2010, with a share capital of LEI 3,199,770, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 24.99%, and the remaining shares are held by GREENWEEE INTERNATIONAL S.A. The company's main office is located in Tintesti, Odaia Banului village, Frasinu farm, Greenweee warehouse, etaj 1, camera 1, Buzău county. The company's main object of activity is - NACE code 3822 - Treatment and disposal of hazardous waste.



S.C. ROMCARBON S.A.



GREENWEEE INTERNATIONAL SA is a company established in 2007, with a share capital of LEI 26,212,300, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 19.10% of the shares and the remaining shares are held by foreign natural and legal persons. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is Dismantling of wrecks for materials recovery (NACE code 3831).

GREENWEEE INTERNATIONAL HUNGARY KFT is a company established in 2011, with a share capital of LEI 7,533, where SC Romcarbon SA indirectly holds 19.10% through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em.1. The company's object of activity is Management of used waste and treatment of other waste.

GREENTECH SA is a company established in 2002, with a share capital of LEI 4,649,117, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.56% of the shares and the remaining shares are held by Romanian and foreign natural and legal persons. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREENFIBER INTERNATIONAL SA is a company established in 2004, with a share capital of LEI 35,250,000, where SC Romcarbon SA indirectly holds, through RECYPLAT LTD Cyprus and Romgreen Universal LTD, 16.96% of the shares, and the remaining shares are held by Romanian and foreign legal and natural persons. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

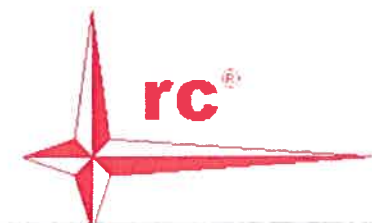
GREENTECH DOO SERBIA is a company established in 2005, with a share capital of LEI 1,721,376, where SC Romcarbon SA indirectly holds 15.26% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Serbia, Backa Palanka, str. Zarka Zrenjanina nr. 152. The company's main object of activity is the recycling of non-metallic waste and scraps.

GREENTECH RECYCLING DEUTSCHLAND GMBH is a company established in 2010, with a share capital of LEI 108,808, where SC Romcarbon SA indirectly holds 16.96% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastics and recycling of plastic waste.

GREENTECH MK DOO MACEDONIA is a company established in 2007, with a share capital of LEI 3,238,205, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 15.17% of the shares and the remaining shares are held by foreign natural persons. The company's main office is located in Macedonia, Skopje, bd. Romanija b.b Gazela, 1000. The company's main object of activity is Recycling of non-metallic waste and scraps.

GREENFIBER HELLAS is a company established in 2008, with a share capital of LEI 390,470, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 10.17% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Greece, Kilki unit, Kilki city, Kilki Industrial Area. The company's main object of activity is Recycling of scraps and non-metallic waste.

TOTAL ELECTRONIC WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's share capital is LEI 200. The company's main office is located in Buzău, Odaia Banului village.



S.C. ROMCARBON S.A.



As at the date of these financial statements, SC Romcarbon SA was indirectly holding 18.14% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENWEEE INTERNATIONAL SA and 1.25% through GREENLAMP RECICLARE S.A.

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's share capital is LEI 2,110,900. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.56% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENTECH SA.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.50% of the shares. The remaining shares are held by natural and legal persons. The company's share capital is LEI 6,750,000. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17, pav. Comercial, Et.1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

In October 2013, BIOPACK RECICLARE SRL was deregistered from the Registry of Commerce.

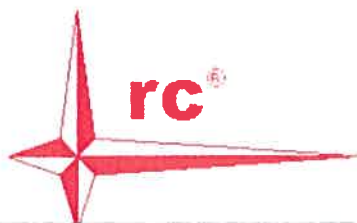
ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2014:

RECYPLAT LTD CYPRUS – Director – Nicos Avraamides
RC ENERGO INSTALL SRL – CEO Banucu Ileana
ECO PACK MANAGEMENT SA – CEO Ionescu Adin,
INFO TECH SOLUTIONS SRL - CEO Hristache Cornel
LIVINGJUMBO INDUSTRY SA – CEO Andrei Radu
TOTAL COMMERCIAL MANAGEMENT SRL – Administrator Genes Alina
GRINFIL LLC UCRAINA – CEO Perepelitea Olena Ivanivna
GRINRUH LLC UCRAINA – CEO Mihai Doinita
TAIPEI CIMEO SRL - Administrators: PETRE CORINA-MIRELA and SU, YAO-JU
POLYMASTER CHEMICALS SA – Administrator Banucu Ileana
GREENSORT RECYCLING SRL – Administrator Dorin Mihai and Stefanescu Bogdan-Marius
YENKI SRL – Administrator Petre Romeo Florinel
ROMCARBON DEUTSCHLAND GmbH – Administrator - Ms. Csilla Orban

ROMGREEN UNIVERSAL LTD CYPRUS – Directors – Nicos Avraamides, James Hyslop, Natalie Gureghian, Anna Dracou, Irene Pipera
GREENLAMP RECICLARE S.A. – CEO Hung,Ching-Ling
GREENGLASS RECYCLING SA – CEO Damov Constantin
TOTAL ELECTRONIC WASTE MANAGEMENT SRL – Administrator Costache Iulian Marius
GREENWEEE INTERNATIONAL SA – CEO Hung,Ching-Ling
GREENWEEE INTERNATIONAL HUNGARY KFT - Managing Director - Costache Iulian Marius
TOTAL WASTE MANAGEMENT SRL – Sole Administrator CRISTEA CONSTANTIN
GREENTECH SA CEO Hung,Ching-Ling
GREENFIBER INTERNATIONAL SA – CEO Hung,Ching-Ling
GREENTECH RECYCLING DEUTSCHLAND GMBH - Administrator- Dna. Csilla Orban
GREENTECH DOO SERBIA – CEO – Mihail Mateski
GRINTEH MK DOO MACEDONIA – CEO – Mihail Mateski



S.C. ROMCARBON S.A.



GREENFIBRA HELLAS – CEO - Ioannis Tolis

The key indicators reflecting the activity of the company and its subsidiaries are presented in the table below:

No	Indicator [thousand LEI]	31.12.2012	31.12.2013	31.12.2014
1	Income (net sales)	273,883	169,856	194,930
2	Total revenues	350,557	197,012	214,615
3	Total expenses	338,152	193,431	203,424
4	Net operating profit of the year	12,405	3,582	11,190
5	Profit attributable to the owner of the parent	8,001	3,653	11,318

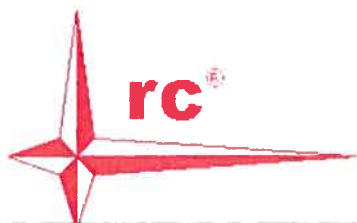
Between January 1, and April 30, 2012, all the elements of the Statement of Profit and Loss registered by SC Greenfiber International SA, SC Greentech SA, SC Greenweee International SA and their subsidiaries were included in the consolidation.

In April 2012, Recyplat LTD (wholly owned by SC Romcarbon SA) sold to Green Group Romania Holding 75% of its shares in Romgreen Universal LTD. Starting with this date, Romgreen Universal LTD and its subsidiaries are consolidated using the equity method.

ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 2014 is presented in the table below:

Company	Net profit/loss (thousand LEI)	Attributable to owner of the parent	Attributable to NCI
Romcarbon SA	36,213	36,213	0
Living Jumbo Industry SA	2,069	2,048	21
RC Energo Install SRL	261	259	1
Infotech Solutions SRL	102	101	1
Taipei Cimeo SRL	-223	-134	-89
Polymaster Chemicals SA	0	0	0
Total Commercial Management SRL	2	2	0
Grinfield Ukraine	0	0	0
Grinruh Ukraine	0	0	0
Recyplat Ltd Cyprus	9,112	9,112	0
Romcarbon Deutschland GmbH	5	5	0
Eco Pack Mangement SA	1	1	0
Greensort Recycling SRL	0	0	0
Consolidation adjustments	-36,352	-36,287	-62
Total	11,190	11,318	-128



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FINANCIAL ACCOUNTING STATUS

A) STATEMENT OF FINANCIAL POSITION

[thousand LEI]

Indicator	31.12.2012	31.12.2013	31.12.2014	Variation	2014 vs. 2013	
Property, plant and equipment	156,934	125,085	121,134	-3,951	▼	-3.16%
Investment property	44,485	45,934	46,317	383	▲	0.83%
Goodwill	143	143	143	0	—	0.00%
Other intangible assets	611	498	570	72	▲	14.46%
Investments in associates	23,644	26,349	23,733	-2,616	▼	-9.93%
Other non-current financial assets	5	209	197	-12	▼	-5.74%
Total non-current assets	225,822	198,218	192,094	-6,124	▼	-3.09%
Inventories	21,187	20,614	23,466	2,852	▲	13.84%
Trade receivables	39,025	31,404	33,053	1,649	▲	5.25%
Other current assets	2,008	1,350	956	-394	▼	-29.19%
Cash and cash equivalents	12,551	14,393	20,646	6,253	▲	43.44%
Total current assets	74,771	67,761	78,121	10,360	▲	15.29%
Total assets	300,593	265,979	270,215	4,236	▲	1.59%
Issued capital	228,052	26,412	26,412	0	—	0.00%
Share premiums	2,182	2,182	2,182	0	—	0.00%
Reserves	75,140	45,903	44,137	-1,766	▼	-3.85%
Retained earnings	-148,967	59,541	70,678	11,137	▲	18.70%
Equity attributable to owners of the parent	156,408	134,038	143,409	9,371	▲	6.99%
Non-controlling interests	3,148	2,368	1,765	-603	▼	-25.46%
Total equity	159,556	136,406	145,174	8,768	▲	6.43%
Long term borrowings	30,111	21,925	14,843	-7,082	▼	-32.30%
Finance leases liabilities	3,045	3,791	2,705	-1,086	▼	-28.65%
Deferred tax liability	14,914	10,571	11,042	471	▲	4.46%
Other non-current liabilities with provisions	1	45	33	-12	▼	-26.67%
Deferred income	15,213	13,824	12,084	-1,740	▼	-12.59%
Total non-current liabilities	63,284	50,156	40,707	-9,449	▼	-18.84%
Trade payables and other liabilities	33,965	31,316	34,697	3,381	▲	10.80%
Short term borrowings	39,758	43,869	44,070	201	▲	0.46%
Finance leases and other interest bearing payables	1,397	1,503	1,678	175	▲	11.64%
Deferred income	49	54	467	413	▲	764.81 %
Other current payables	2,584	2,675	3,422	747	▲	27.93%
Total current liabilities	77,753	79,417	84,334	4,917	▲	6.19%
Total liabilities	141,037	129,573	125,041	-4,532	▼	-3.50%
Total capital and liabilities	300,593	265,979	270,215	4,236	▲	1.59%

In 2013, the Group covered the loss registered as negative retained earnings from share capital adjustments, in amount of LEI 201,640 thousand.



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The participation of the consolidation companies in the indicators of the Statement of Financial Position is presented in the table below:

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon	182,701	58,077	39,642	75,392
LivingJumbo Industry SA	6,094	18,496	1,033	12,056
RC Energo Install SRL	6	3,368	22	2,738
InfoTech Solutions SRL	55	286	0	84
Taipei Cimeo SRL	56	356	0	502
Polymaster	1	115	0	0
Tota ICommercial Management	0	2	0	0
Grinfild Ukraine	4,427	7	0	877
Grinruh Ukraine	1,624	1,057	0	9
Recyplat Limited Cyprus	24,788	4,857	0	54
Romcarbon Deutschland GmbH	17	4	11	18
Eco Pack Management SA	603	833	0	1,308
Greensort Recycling SRL	0	40	0	2
<i>Consolidation adjustments</i>	<i>-28,276</i>	<i>-9,377</i>	<i>0</i>	<i>-8,704</i>
Total	192,094	78,121	40,707	84,334

NON-CURRENT ASSETS

In 2014, **non-current assets** account for 71.09% of the group's assets, registering a decrease of LEI 6,124 thousand, namely 3.09% as compared to the beginning of the year.

Non-current assets	31.12.2014	% of total NCA	% of total Asset	2014 vs. 2013
Property, plant and equipment	121,134	63.06%	44.83%	-3.16%
Investment property	46,317	24.11%	17.14%	0.83%
Goodwill	143	0.07%	0.05%	0.00%
Other intangible assets	570	0.30%	0.21%	14.46%
Investments in associates	23,733	12.35%	8.78%	-9.93%
Other non-current financial assets	197	0.10%	0.07%	-5.74%
Total	192,094	100.00%	71.09%	-3.09%



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CURRENT ASSETS

Current assets account for 28.91% of total assets, registering an increase of LEI 10,360 thousand, namely 15.29% as compared to the beginning of the year.

Current assets	31.12.2014	% of total CA	% of total Assets	2014 vs.2013
Inventories	23,466	30.04%	8.68%	13.84%
Trade receivables	33,053	42.31%	12.23%	5.25%
Other current assets	956	1.22%	0.35%	-29.19%
Cash and cash equivalents	20,646	26.43%	7.64%	43.44%
Total	78,121	100.00%	28.91%	15.29%

LIABILITIES

Total liabilities of the group account for 46.27% of total equity and liabilities, registered a decrease of LEI 4,532 thousand, namely 3.50% as compared to the beginning of the year.

The current liabilities of the group, accounting for 67.45% of total liabilities and 31.21% of total equity and liabilities, registered an increase of Lei 4,917 thousand as compared to December 31, 2013, namely by 6.19%.

Current liabilities	31.12.2014	% of TCP	% of total liabilities	% of total liabilities	2014 vs. 2013
Trade payables and other liabilities	34,697	41.14%	27.75%	12.84%	10.80%
Short term borrowings	44,070	52.26%	35.24%	16.31%	0.46%
Finance leases	1,678	1.99%	1.34%	0.62%	11.64%
Deferred income	467	0.55%	0.37%	0.17%	764.81%
Other current liabilities	3,422	4.06%	2.74%	1.27%	27.93%
Total	84,334	100.00 %	67.45%	31.21%	6.19%

As compared to 2013, the group's long-term liabilities registered a decrease of LEI 9,449 thousand, namely 18.84%, and account for 32.55% of total liabilities and 15.06% of total equity and liabilities.

Non-current liabilities	31.12.2014	% of TNP	% of total Liabilities	% of total assets	2014 vs. 2013
Long-term borrowings	14,843	36.46%	11.87%	5.49%	-32.30%
Finance leases liabilities	2,705	6.65%	2.16%	1.00%	-28.65%
Deferred tax liabilities	11,042	27.13%	8.83%	4.09%	4.46%
Other non-current liabilities with provisions	33	0.08%	0.03%	0.01%	-26.67%
Deferred income	12,084	29.69%	9.66%	4.47%	-12.59%
Total	40,707	100.00 %	32.55%	15.06%	-18.84%



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As at December 31, 2014 the Group had contracted borrowings in amount of LEI 65,794 thousand apportioned as follows:

➤ Short-term borrowings in amount of LEI 44,070 thousand, as follows:

Company	Type	31.12.2012	31.12.2013	31.12.2014
Living Jumbo Industry SA	Investment loan in Euro - BRD	331	335	335
Living Jumbo Industry SA	Credit line in Euro – BRD	630	0	0
Living Jumbo Industry SA	Investment loan in Euro – BRD [IEC project]	488	494	494
Taipei Cimeo SRL	Credit line in Euro – UniCredit Tiriack Bank SA	0	170	440
Romcarbon SA	Credit line in Euro – BRD	11,286	11,429	11,173
Romcarbon SA	Credit line in Euro – UniCredit Tiriack Bank SA	12,048	15,472	15,463
Romcarbon SA	Loan for financing current activity in Euro – UniCredit Tiriack Bank SA	3,430	8,994	9,099
Romcarbon SA	Investment loan in Euro - NBG Malta	4,847	4,714	4,711
Romcarbon SA	Bridge loan in Euro - BCR [IEC project]	5,023	0	0
Romcarbon SA	Investment loan in Euro - BCR [IEC project]	1,674	2,261	0
Romcarbon SA	Investment loan in Euro - BRD [I]	0	0	2,355
Total		39,758	43,869	44,070

➤ Long-term borrowings in amount of LEI 14,843 thousand

Company	Type	31.12.2012	31.12.2013	31.12.2014
Living Jumbo Industry SA	Investment loan in Euro - BRD	662	335	0
Living Jumbo Industry SA	Investment loan in Euro – BRD [IEC project]	976	494	0
Romcarbon SA	Investment loan in Euro - NBG Malta	18,985	13,748	9,029
Romcarbon SA	Investment loan in Euro - BCR [IEC project]	9,488	7,348	0
Romcarbon SA	Investment loan in Euro - BRD [I]	0	0	5,103
Romcarbon SA	Investment loan in Euro - BRD [II]	0	0	711
Total		30,111	21,925	14,843

The instalments whose due date is less than 1 year, related to investment loans, were classified as short-term payables.

Such loans were secured by mortgages and pledges over buildings, fixed assets, by assignment of receivables and by assignments of the cash-flow in banks.



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EQUITY accounts for 53.73% of Total Equity&Liabilities, amounting to LEI 145,174 thousand, of which LEI 1,765 thousand is attributable to non-controlling interest. Equity increased by LEI 8,768 thousand, namely 6.43%.

B) STATEMENT OF COMPREHENSIVE INCOME

[thousand LEI]

	2012	2013	2014	2014 vs.2013	
Income	273,883	169,856	194,930	▼	25,074
Other income	647	1,387	1,560	▼	173
Investment income	3,806	2,900	7,018	▼	4,118
Other gains or losses	1,538	947	534	▼	- 413
Changes in finished products and production in progress	3,082	1,019	2,785	▼	1,766
Raw materials and consumables used	-194,461	-116,561	-131,400	▲	- 14,839
Depreciation and amortisation expense	-9,892	-7,900	-8,751	▲	- 852
Employee salaries social security	-38,378	-32,822	-36,605	▲	- 3,783
Finance cost	-5,567	-3,121	-2,823	▼	298
Other expenses	-23,056	-13,898	-17,187	▲	- 3,289
Share of profit of associates	1,953	2,705	2,346	▼	- 359
Profit (loss) before taxation	13,555	4,512	12,407	▼	7,895
Income tax expense	-1,150	-930	-1,217	▲	- 287
Profit/loss for the year, attributable to:	12,405	3,582	11,190	▼	7,608
Owners of the parent	8,001	3,653	11,318	▼	7,665
Non-controlling interests	4,404	-72	-128	▲	- 56
Profit/Loss for the year	12,405	3,581	11,190	▼	7,610
Exchange differences on translating foreign operations	356	363	-1,374	▲	- 1,737
Comprehensive income, attributable to:	12,761	3,944	9,816	▼	5,872
Owners of the parent	8,269	3,990	10,351	▼	6,361
Non-controlling interests	4,491	-46	-537	▲	- 491



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INCOME

The contribution of the consolidated companies in total Income in 2014 is presented in the table below:

Company	2013 [thousand LEI]	% of total	2014 [thousand LEI]	% of total	2014 vs. 2013
Romcarbon SA	138,717	68.36%	157,958	68.58%	13.87%
LivingJumbo Industry SA	54,721	26.97%	60,398	26.22%	10.38%
RC Energo Install SRL	3,294	1.62%	6,114	2.65%	85.63%
Eco Pack Management SA	2,744	1.35%	3,521	1.53%	28.34%
Total Commercial Management SRL	2,158	1.06%	-	0.00%	-100.00%
Info Tech Solutions SRL	887	0.44%	1,080	0.47%	21.69%
Taipei Cimeo SRL	273	0.13%	143	0.06%	-47.73%
Romcarbon Deutschland GmbH	108	0.05%	1,113	0.48%	927.64%
Grinfild LLC Ukraine	26	0.01%	-	0.00%	-100.00%
Total, of which:	202,928	100.00%	230,327	100.00%	13.50%
Within the Group	33,072		35,397		7.03%
Net sales outside the group	169,856		194,930		14.76%

In the reporting period the indicator "Net sales", by constitutive elements, is presented below:

Structure [thousand LEI]	2012	% of total	2013	% of total	2014	% of total	2014 vs. 2013
Income from sales of finished products (701+709)	216,055	79%	118,522	70%	135,523	70%	14.34%
Income from sales of semi-finished products	14,251	5%	16,441	10%	19,028	10%	15.74%
Income from sale of residual products	692	0%	159	0%	20	0%	-87.44%
Sales from supplies of services	3,871	1%	5,400	3%	5,692	3%	5.42%
Income from sale of commodities	36,942	13%	27,851	16%	33,753	17%	21.19%
Income from other activities	2,072	1%	1,483	1%	913	0%	-38.45%
Total	273,883	100%	169,856	100%	194,930	100%	14.76%



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C) ECONOMIC AND FINANCIAL RATIOS

1 Profitability ratios

	Ratio	Calculation	31.12.2012	31.12.2013	31.12.2014
a)	EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Income}} \times 100$	9.95%	8.05%	11.28%
b)	EBITDA in equity	$\frac{\text{EBITDA}}{\text{Equity}} \times 100$	17.08%	10.02%	15.15%
c)	Rate of gross profit	$\frac{\text{Gross profit}}{\text{Income}} \times 100$	4.95%	2.66%	6.36%
d)	Rate of capital return	$\frac{\text{Net profit}}{\text{Equity}} \times 100$	7.77%	2.63%	7.71%

2 Liquidity ratios

	Ratio	Calculation	31.12.2012	31.12.2013	31.12.2014
a)	Current liquidity	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.96	0.85	0.93
b)	Immediate liquidity (acid test)	$\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$	0.69	0.59	0.65

3 Risk ratios

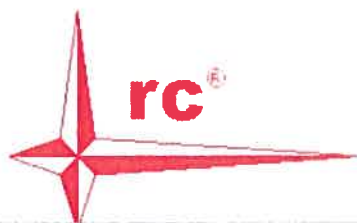
	Ratio	Calculation	31.12.2012	31.12.2013	31.12.2014
a)	Gearing ratio	$\frac{\text{Non-current liabilities}}{\text{Equity}}$	0.40	0.37	0.28
b)	Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expenses}}$	4.05	2.71	6.15

4 Activity ratios

	Ratio	Calculation	31.12.2012	31.12.2013	31.12.2014
a)	Trade receivables turnover	$\frac{\text{Average outstanding trade receivables}}{\text{Income}} \times 360$	72	75	60
b)	Trade liabilities turnover	$\frac{\text{Average outstanding trade liabilities}}{\text{Income}} \times 360$	49	69	61

5 Profitability ratios

	Ratio	Calculation	31.12.2012	31.12.2013	31.12.2014
a)	Return on Assets (ROA)	$\frac{\text{Net result}}{\text{Total assets}} \times 100$	4.1268%	1.3467%	4.1408%
b)	Return on Equity (ROE)	$\frac{\text{Net result}}{\text{Equity}} \times 100$	7.7747%	2.6260%	7.7073%
c)	Return on sales (ROS)	$\frac{\text{Net result}}{\text{Income}} \times 100$	4.5293%	2.1088%	5.7400%



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D) STATEMENT OF CASH FLOWS

Consolidated statement of cash flows for the reporting period is expressed in thousand LEI as follows:

	2012	2013	2014
Net cash generated by operating activities	-10,480	8,505	11,277
Net cash used in investing activities	26,733	546	3,813
Net cash generated by financing activities	-16,893	-7,209	-8,837
Net increase in cash and cash equivalents	-640	1,842	6,253
Cash and cash equivalents at the beginning of the year	13,191	12,551	14,393
Effect of exchange rate on the foreign currency cash balance	0	0	0
Cash inflows from acquisition of new subsidiaries	0	0	0
Cash and cash equivalents at the end of the year	12,551	14,393	20,646

*
* *

INTERNAL CONTROL

The aim of the Internal Control is to ensure a rigorous and effective management of the Group's activity by adopting by each Company the policies and procedures which ensure consistency of objectives, identify the key factors of success and communicate to the entity's managers in real-time information on performance and perspectives.

Internal control is organised so as to comply not only with financial-accounting regulations, but with all regulations, such as Environmental, Occupational Health and Safety, Emergency Situations, applicable to products; the Civil Code.

The Boards of Administration are independent of the management at the organization and their members are involved in management activities, which they supervise carefully. The Boards of Administration of the Group's companies delegate to the companies' managers the responsibilities regarding internal control and make systematic and independent assessments of the internal control system established by management.

Internal (financial) audit has an assistance function that must ensure management that each of the companies' internal procedures are implemented and adhered to by all departments involved.

Regular or permanent check and assessment according to the Program approved by each of the Group companies' management of the quality operation of internal control is performed to determine whether internal controls are applied according to the procedures and if they are modified appropriately when the situation requires.



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Internal control establishes methods by which employees are assessed, trained, promoted and rewarded as staff represents an essential component of internal control. The organizational chart, the internal regulations (IR), job descriptions are updated according to the modifications.

Each of the Group companies' management has taken action in order to remove or reduce motivations of the employees that might lead to engage them in dishonest, illegal or immoral activities. They are found in the Internal Regulations and other regulations issued but also in personal examples.

Management is in charge of the filling of specific positions by competent personnel who has the knowledge and skills to perform the tasks characteristic of each function.

The Group faces various risks arising from the external or the internal environment that must be managed appropriately by the companies. Risk identification and risk analysis are an ongoing processes and a critical components of an effective internal control. Some of these risks might be: the inability of Group's companies to achieve the objectives set by the Management; the poor qualification of the personnel, the difficulties in implementing new software, entering on new markets, s.o.

Management identifies and assesses these risks and formulates specific measures to reduce them at an acceptable level.

For an adequate split of the responsibilities (tasks) in order to prevent significant frauds and errors, the Company applies:

- The division of the administration of assets to avoid the risk of theft;
- The division of the authorization of the operations of assets administration;
- The separation of the IT tasks from the tasks of the persons outside the IT system (the tasks related to the design and control of accounting software are separated from the ones related to the update of information)

Inside each company of the Group, there are three different functions, whose separation (their aggregation is not admitted) represents the grounds for mutual control between departments and performers, namely:

- achievement of the objectives of the organization
- preservation of the assets of the organization
- the accounting function;

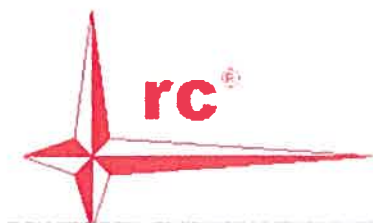
For an efficient internal control, the same person cannot fulfil all three functions. If any two of such functions are fulfilled by the same person, the risk of error and fraud is higher.

Most of the operations and transactions involve at least two of the functions mentioned above; as result, errors and frauds can be easily detected, because they result in a lack of correlation between the statements, between the departments or performers.

The accounting and financial internal control is a major element of the internal control the entity and it relates to the entire process of obtaining and communicating the accounting and financial information in order to obtain reliable information and in accordance with legal requirements.

The internal accounting and financial control focuses on providing:

- compliance of the accounting and financial information with the applicable rules;
- application of the management instructions according to this information;
- protection of the assets;



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- prevention and detection of accounting and financial frauds and irregularities;
- reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- reliability of the annual published financial statements and other information communicated to the market.

All intern control activities seek to perform a permanent and periodical review of activities, in order for the management to identify the best solutions for its decisions for increasing the performance of the company and become more competitive on the market.

OBIECTIVELE SI POLITICILE GRUPULUI PRIVIND GESTIONAREA RISCURILOR

Capital risk

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The management of the Group's risk also consists in a regular review of the capital structure. The Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares.

Financial risks

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analyzing exposure by the degree and extent of risks.

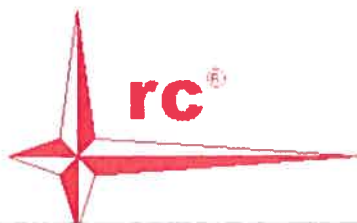
Liquidity risk

Liquidity risk, also called funding risk, is the risk for a company to face difficulties in raising funds to fulfil its commitments associated to the financial instruments.

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.



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Market risk

Given the international climate, where the financial crisis has affected in recent years the markets where the Group operates, in 2014 the Group managed to obtain a turnover of LEI 194,930 thousand, and for 2015 it sets itself to increase its turnover by 10-15% as compared to 2014. However, the Group's management cannot predict the changes that may occur on domestic and foreign markets or the effects thereof on its financial statement, operating results and cash flows.

President of the BoA,
Hung Ching Ling

Chief Executive Officer: Eng. Andrei Radu
Chief Financial Officer: Ec. Zainescu Viorica Ioana

For signatures, please refer to the original Romanian version.

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