

**S.C. ROMCARBON S.A.**

**SEPARATE FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS ADOPTED BY EU**

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Draft

To the Shareholders,  
S.C. ROMCARBON S.A.  
Buzău, Romania

## INDEPENDENT AUDITOR'S REPORT

### Report on the Separate Financial Statements

1. We have audited the accompanying separate financial statements of S.C. ROMCARBON S.A. ("the Company"), which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and 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 Separate Financial Statements*

2. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate 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 separate 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 individual financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 accompanying separate financial statements present fairly, in all material respects, the financial position of S.C. ROMCARBON S.A. as at December 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the explanatory notes described in the notes to the separate financial statements.

#### *Emphasis of Matter*

7. We draw attention to Note 2 of the separate financial statements, which states that the consolidated financial statements of the Company prepared in accordance with the International Financial Reporting Standards as adopted by the European Union have not been issued yet. Note 2 of the separate financial statements clarifies details in respect of the publication date of the consolidated financial statements and the registration of investments in subsidiaries in the separate financial statements. Our opinion is not qualified in this respect.

#### *Other Matters*

8. This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders of the Company as a body, for our audit work, for this report, or for the opinion we have formed.

#### **Report over the conformity of administrators' report with the separate financial statements**

The administrators are responsible for the preparation and presentation of the administrators' report in accordance with the requirements of MoPFO no. 1286/2012 Accounting regulations regarding annual standalone financial statements and annual consolidated financial statements, Chapter II, Arts. 10-14, which does not contain material misstatements, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Our opinion on the financial statements does not cover the administrators' report.

In connection with our audit of the financial statements, we have read the administrators' report accompanying the financial statements and we report as follows:

- a) in the administrators' report, we have not identified information which is not consistent, in all material respects, with the information presented in the financial statements attached;

- b) the administrators' report identified above contains, in all material respects, the required information according to the provisions of MoPFO no. 1286/2012, Chapter II, items 10-14;
- c) based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2015, we have not identified information included in the administrators' report that contains a material misstatement of fact.

Farrukh Khan, Audit Partner

***For signature, please refer to the original Romanian version.***

*Registered with the Chamber of Financial Auditors of Romania  
under no. 1533/25.11.2003*

*On behalf of:*

**DELOITTE AUDIT S.R.L.**

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

Bucharest, Romania  
March 24, 2016

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

	Note	Year ended	
		December 31, 2015	December 31, 2014
Net sales	3	176,702,913	157,939,374
Investment income	3	8,342,326	39,546,850
Other gains or losses	5	(2,604,404)	310,664
Changes in inventories		1,538,064	1,776,904
Raw materials and consumables used	4	(134,762,781)	(123,301,849)
Depreciation and amortisation expense	6	(7,106,832)	(8,589,905)
Employee salaries and benefits	7	(18,755,367)	(15,363,377)
Social security expenses	7	(4,419,970)	(4,259,181)
Net finance cost	8	(2,114,646)	(2,647,538)
Income from subsidies		1,182,234	1,560,493
Other expenses	9	(11,508,736)	(10,274,552)
<b>Profit before taxation</b>		<b>6,492,801</b>	<b>36,697,883</b>
Income tax	10	(100,888)	(484,646)
<b>Net profit</b>		<b>6,391,913</b>	<b>36,213,237</b>
<b>Comprehensive income</b>			
Other comprehensive income		-	-
Loss on revaluation of tangible assets		-	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves		-	-
<b>Total comprehensive income</b>		<b>6,391,913</b>	<b>36,213,237</b>
Earnings per share		0.0242	0.1371
<b>Number of shares</b>		264,122,096	264,122,096

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

ADMINISTRATOR,  
**HUNG CHING LING**

FINANCIAL MANAGER,  
**VIORICA ZAINESCU**

GENERAL MANAGER,  
**RADU ANDREI**

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Signature\_\_\_\_\_

Signature\_\_\_\_\_

**STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

	<u>Note</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>11</b>	147,831,285	113,254,098
Investment property	<b>12</b>	43,799,325	46,317,533
Intangible assets	<b>13</b>	189,900	209,289
Financial assets	<b>14</b>	22,863,010	22,919,676
<b>Total non-current assets</b>		<b>214,683,520</b>	<b>182,700,596</b>
<b>Current assets</b>			
Inventories	<b>15</b>	20,499,859	18,104,794
Trade and other receivables	<b>16</b>	33,959,316	29,399,410
Related party loans	<b>26</b>	-	635,099
Taxes receivable		439,598	131,401
Other assets	<b>17</b>	366,752	246,451
Cash and cash equivalents	<b>27</b>	12,888,836	9,560,212
<b>Total current assets</b>		<b>68,154,361</b>	<b>58,077,367</b>
<b>Total assets</b>		<b>282,837,881</b>	<b>240,777,963</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	<b>18</b>	26,412,210	26,412,210
Share premiums		2,182,283	2,182,283
Reserves	<b>19</b>	53,375,509	49,418,796
Retained earnings	<b>20</b>	48,158,839	47,730,966
<b>Total equity</b>		<b>130,128,841</b>	<b>125,744,255</b>
<b>Non-current liabilities</b>			
Borrowings	<b>21</b>	32,432,440	14,842,699
Finance leases and other interest-bearing liabilities	<b>24</b>	1,195,151	2,705,112
Deferred tax liabilities	<b>10</b>	11,142,757	11,041,869
Deferred income	<b>28</b>	24,475,344	11,052,206
<b>Total non-current liabilities</b>		<b>69,245,692</b>	<b>39,641,886</b>

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.  
 This is a free translation from the original Romanian version.

**STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

	<u>Note</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Current liabilities</b>			
Trade and other payables	<b>23</b>	30,928,649	28,900,848
Related party borrowings	<b>26</b>	-	-
Borrowings	<b>21</b>	49,411,862	42,801,193
Finance leases and other interest-bearing liabilities	<b>24</b>	1,709,000	1,588,642
Deferred income		16,798	8,320
Other liabilities	<b>22</b>	<u>1,397,039</u>	<u>2,092,819</u>
<b>Total current liabilities</b>		<u><b>83,463,348</b></u>	<u><b>75,391,822</b></u>
<b>Total liabilities</b>		<u><b>152,709,040</b></u>	<u><b>115,033,708</b></u>
<b>Total equity and liabilities</b>		<u><b>282,837,881</b></u>	<u><b>240,777,963</b></u>

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

**ADMINISTRATOR,  
HUNG CHING LING**

**FINANCIAL MANAGER,  
VIORICA ZAINESCU**

**GENERAL MANAGER,  
RADU ANDREI**

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Signature \_\_\_\_\_



**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
<b>January 1, 2015</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>45,185,034</b>	<b>3,070,320</b>	<b>1,163,442</b>	<b>47,730,966</b>	<b>125,744,255</b>
Realised revaluation reserve	-	-	(462,087)	-	-	462,087	-
Distribution of dividends	-	-	-	-	-	(2,007,328)	(2,007,328)
Net profit of the year	-	-	-	-	-	6,391,913	6,391,913
Transfer to reserves	-	-	-	319,596	4,099,203	(4,418,799)	-
<b>December 31, 2015</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>44,722,947</b>	<b>3,389,916</b>	<b>5,262,645</b>	<b>48,158,839</b>	<b>130,128,840</b>

As at December 31, 2015, the Company distributed the profit exempted from the income tax related to reinvested profit, less the share of the legal reserve, in order to establish the reserves in amount of RON 4,099,203.

The total amount of RON 5,262,645 of such reserves is not included in the distributions to other destinations.

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

ADMINISTRATOR,  
**HUNG CHING LING**

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The accompanying notes are integral part of these separate financial statements in accordance with IFRS.  
This is a free translation from the original Romanian version.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
<b>January 1, 2014</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>45,942,571</b>	<b>1,259,658</b>	<b>2,039,977</b>	<b>12,697,983</b>	<b>90,534,682</b>
Dividends allocation	-	-	-	-	(1,003,664)	-	(1,003,664)
Realised revaluation reserve	-	-	(757,537)	-	-	757,537	-
Transfer of result of the year to legal reserve	-	-	-	1,810,662	-	(1,810,662)	-
Net profit of the year	-	-	-	-	-	36,213,237	37,213,237
Transfer to reserves	-	-	-	-	127,129	(127,129)	-
<b>December 31, 2014</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>45,185,034</b>	<b>3,070,320</b>	<b>1,163,442</b>	<b>47,730,966</b>	<b>125,744,255</b>

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

ADMINISTRATOR,  
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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(all amounts are expressed in lei, unless specified otherwise)**

As at December 31, 2013, the Company revalued 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 29,100,504 as a result of the revaluation of Romcarbon S.A.'s assets.

As at December 31, 2013, the Company reclassified the revaluation reserves to retained earnings, in amount of lei 4,024,653.

Following the application of IFRS from the financial year 2012, financial statements were restated resulting from application of IAS 29 an adjustment to inflation of total equity in amount of lei 202,092,991 as follows: adjustment to inflation of share capital of lei 201,639,749, adjustment to inflation for the legal reserve in amount of lei 150,141, adjustment to inflation for Other reserves in amount of lei 303,101.

In 2013, the loss registered as loss carried forward was covered by such adjustments in amount of RON 202,092,991, which was approved by the shareholders.

By the shareholders' decision of April 29, 2015 the followings were approved:

- distribution of the net profit registered in 2014, in amount of lei 36,213,237.28 as follows: lei 1,810,662 to legal reserve and lei 127,129 to other reserves, lei 2,007,328 to dividends and lei 32,268,118.28 as retained earnings in the form of profit not distributed.

During 2015, the Company reclassified the revaluation reserve to retained earnings in amount of lei 462,085.94.

As at December 31, 2015 the legal reserve was established, according with art. 183 from Law 31/1990, updated, which states: "From the Company's profit at least 5% will be transferred, each year, for the set up of the reserve fund, until this will reach at least one fifth of the share capital", in amount of lei 319,596.

At the end of 2015, an amount of lei 4,099,203 (representing accounting profit that benefits from the exemption of the tax, less the related legal reserve), was transferred to "Other reserves": (According with art 19<sup>A</sup>. (Reinvested profit tax exemption (effective 1 July 2014) in conjunction with HG 571/2003 Law 44/2004 on Fiscal Code Methodological Norms).

The adjustment of deferred tax on fiscally non-deductible revaluation reserves is explained in Note 10.

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

**ADMINISTRATOR,  
HUNG CHING LING**

**FINANCIAL MANAGER,  
VIORICA ZAINESCU**

**GENERAL MANAGER,  
RADU ANDREI**

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**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in RON, unless specified otherwise)**

	<u>2015</u>	<u>2014</u>
<b>Net profit for the year</b>	<b>6,391,913</b>	<b>36,213,237</b>
Income tax expense	100,888	484,646
Non-current asset amortization/depreciation	7,106,832	7,411,536
Financial assets impairment	-	1,178,369
(Gain)/ Loss on sale of fixed assets	(736)	(42,720)
(Gain)/ Loss on changes in fair value of investment property	2,502,393	(162,851)
Expenses / (Revenues) regarding clients allowances	13,551	(1,156)
Loss on receivables and sundry debtors	338,189	26,602
(Gain) / Loss on financing investment	56,665	-
Interest expense	1,806,009	2,339,373
Interest income	(20,401)	(52,324)
Income from dividends	(5,789,355)	(36,980,642)
Income from subsidies	(1,182,234)	(1,560,493)
Unrealised foreign exchange gain / (loss)	1,158,114	(31,502)
<b>Movements in working capital</b>		
(Increase) / Decrease in trade and other receivables	(3,787,963)	2,501,404
(Increase) / Decrease in inventories	(2,395,064)	(2,385,457)
(Increase) / Decrease in other assets	(120,301)	16,145
Increase / (Decrease) in trade payables	1,868,215	1,301,776
Increase / (Decrease) in deferred income	8,478	(13,782)
Increase/ (Decrease) in other liabilities	(634,794)	500,443
<b>Cash used in operating activities</b>	<b>7,420,399</b>	<b>10,742,605</b>
Income tax paid	(308,197)	(125,974)
Interest paid	(1,806,009)	(2,339,373)
<b>Net cash used in operating activities</b>	<b>5,306,193</b>	<b>8,277,257</b>
<b>Cash flows from investing activities</b>		
(Payments) / Collections for financial assets	-	27,900
Interest received	20,401	52,324
Dividends received	5,789,355	36,980,642
Payments for tangible assets	(41,664,630)	(4,809,833)
Payments for investment property	15,815	(220,630)
Proceeds from disposal of tangible assets	736	47,343
Proceeds from subsidies	-	-
Related party loans (granted)/received	635,099	(635,099)
Payments for dividends	(2,068,314)	(993,281)
<b>Net cash generated by/(used in) investing activities</b>	<b>(37,271,538)</b>	<b>30,449,366</b>

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

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in RON, unless specified otherwise)**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from financing activities</b>		
Cash payments of lessee to reduce a finance lease liability	(1,389,603)	(906,452)
Proceeds from bank loans	81,557,719	44,015,425
Repayments of bank loans	(58,355,836)	(50,305,679)
Repayments of related party borrowings	-	(31,277,371)
Proceeds from subsidies	13,481,689	-
<b>Net cash generated by/(used in) financing activities</b>	<u><b>35,293,969</b></u>	<u><b>(38,474,077)</b></u>
<b>Net increase in cash and cash equivalents</b>	<u><b>3,328,624</b></u>	<u><b>252,546</b></u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u><b>9,560,212</b></u>	<u><b>9,307,666</b></u>
<b>Cash and cash equivalents at the end of the year</b>	<u><b>12,888,836</b></u>	<u><b>9,560,212</b></u>

The separate financial statements were approved by the Board of Administration and were authorised for issuance on March 24, 2016.

**ADMINISTRATOR,  
HUNG CHING LING**

Signature\_\_\_\_\_

**FINANCIAL MANAGER,  
VIORICA ZAINESCU**

Signature\_\_\_\_\_

**GENERAL MANAGER,  
RADU ANDREI**

Signature\_\_\_\_\_

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in lei, unless specified otherwise)****1. GENERAL INFORMATION**

ROMCARBON S.A. 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. The Company's shares are traded on the BSE, and its main shareholders as at December 31, 2015 are Living Plastic Industry S.A., Joyful River Limited Loc. Nicosia - Cyprus, Romanian Investment Fund, Stichting Bewaarder Overlevingsfonds.

The Company's main field of activity is the manufacture of plastic.

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

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

**Basis of preparation**

These separate financial statements are the responsibility of the Company's management and were prepared in accordance with Regulation no. 4/2011 of the National Securities Commission ("NSC") on accounting regulations in accordance with the Fourth Directive of the European Economic Community (the "Fourth EEC Directive"), applicable to entities authorised, regulated and supervised by the NSC, approved by NSC Order no. 13/2011 ("NSC Order 13/2011") and with NSC Instruction no. 1/2013 on the preparation and submission of annual financial statements by entities authorised, regulated and supervised by the NSC.

The accounting regulations in accordance with the Fourth EEC Directive, approved by NSC Order 13/2011 are applied together with Accounting Law no. 82/1991 (republished).

The separate financial statements were prepared at historical cost adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves. NSC Order 13/2011 on the approval of accounting regulations in accordance with the Fourth Directive of the European Economic Community applicable to entities authorised, regulated and supervised by the National Securities Commission provides the preparation of financial statements at historical cost.

The Company has the obligation to prepare separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Romcarbon group, which includes Romcarbon S.A. and its subsidiaries, will prepare a set of consolidated financial statements in accordance with IFRS as adopted by EU, for the financial year ended December 31, 2015, which will be published in accordance with the legislation in force.

The financial statements were prepared on the going concern basis. The financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for the transition to IFRS as adopted by EU.

The main accounting policies are described below.

**Basis of preparation of the separate financial statements**

These financial statements are Separate financial statements prepared in accordance with IAS 27. According to this standard, separate financial statements are the statements disclosed by a parent, by an investor in an associate or by an associate in a jointly controlled entity, where investment is accounted for based on the direct participation in equity rather than the reported results and net assets of investees.

## 2. MAIN ACCOUNTING POLICIES (continued)

### Basis of preparation of the separate financial statements (continued)

The financial statements of an entity that does not have a subsidiary, associate or interest in a jointly controlled entity are not separate financial statements.

When an entity prepares separate financial statements, investments in subsidiaries, jointly controlled entities and associates must be accounted for either:

- a. at cost, or
- b. in accordance with IFRS 9.

The same accounting shall be applied for each category of investments. Investment accounted at cost must be accounted in accordance with IFRS 5 Non-current assets held for sale and discontinued operations when classified as held for sale (or included in a disposal group that is classified as held for sale). The accounting of investments in accordance with IFRS 9 does not change in these circumstances.

An entity must recognise in its separate financial statements dividends from a subsidiary, jointly controlled entity or associate when the entity's right to receive such dividend is established.

The Company's direct holdings as at December 31, 2015 and December 31, 2014 in subsidiaries or associates, which were not consolidated in these separate financial statements, are presented in Note 14. Investments in such subsidiaries or associates were disclosed in these separate financial statements at cost.

The Company will issue consolidated financial statements in accordance with IFRS as adopted by the European Union in 2015.

### 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 European Union are effective for the current period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (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),
- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014)

### 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 IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 25 November 2015 (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 - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),

## 2. MAIN ACCOUNTING PRINCIPLES (continued)

### Standards and Interpretations issued by IASB and adopted by the EU but not yet effective (continued)

- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (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),
- **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 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 18 December 2018 (effective for annual periods beginning on or after 1 February 2015).

### 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 2018),
- **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 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),



## 2. MAIN ACCOUNTING PRINCIPLES (continued)

### Standards and interpretations issued by IASB, but not yet adopted by the EU (continued)

- **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 7 “Statement of Cash Flows”** - Disclosure (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 “Income Taxes”** – recognition of deferred tax assets for unrealized losses (effective for annual periods beginning on or after 1 January 2017).

The Company 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 Company in the period of initial application.

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

According to the Company’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.

### 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.

### Sale of goods

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

- The Company has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Company 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 Company 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.

## 2. MAIN ACCOUNTING PRINCIPLES (continued)

### Lease (continued)

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

When preparing the financial statements of individual entities and the Company, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the date 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 at historical cost in a foreign currency are not translated again.

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

The official translation rates to convert the balance sheet lines expressed in foreign currency at the end of reporting periods were as follows:

- December 31, 2012: RON 3.3575 /USD 1 and RON 4.4287 /EUR 1
- December 31, 2013 RON 3.2551 /USD 1 and RON 4.4847 /EUR 1
- December 31, 2014 RON 3.6868 /USD 1 and RON 4.4821 /EUR 1
- December 31, 2015: RON 4.1477 /USD 1 si RON 4.5245 /EUR 1

### 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. Income from temporary investments from borrowings, until such borrowings are spent on assets, is deducted from the costs related to long-term borrowings eligible for capitalization.

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

### Government subsidies

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

Government subsidies whose main condition is that the Company 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 Company, without future related costs, are recognized in the income statement when they become due.

## **2. MAIN ACCOUNTING POLICIES (continued)**

### **Employee contributions**

The Company 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.

The Company pays its employees retirement benefits. Such benefits are defined in the Company's collective labour agreement.

### **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 Company'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, 2015 the Company's separate 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 Company's winding up.

The Company'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 Company must register an income tax liability in connection with such reserves. These financial statements do not include such provision for deferred income related to 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 Company 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.

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.

## 2. MAIN ACCOUNTING POLICIES (continued)

### Deferred tax (continued)

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 fair value, less the subsequently accumulated depreciation and accumulated impairment losses.

The Company 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 revaluations are made with sufficient regularity so that the book value should not differ substantially from that determined using the fair value at the end of the reporting period. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity. The last revaluation of tangible assets in the form of land and buildings was registered as at December 31, 2013.

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 less the subsequently accumulated depreciation and accumulated 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.

The expenses incurred with significant improvements are capitalized, if such extend the service life of the fixed asset or lead to a significant increase in its capacity to generate income. The costs incurred with maintenance, repairs and minor improvements are charged against expenses as incurred.

## 2. MAIN ACCOUNTING POLICIES (continued)

### ***Property, plant and equipment (continued)***

#### Subsequent expenses

Expenses incurred with replacing a component of a plant, property and equipment item, which is accounted separately, is capitalized, and the carrying amount of the initial component is written off. Other subsequent expenses are capitalized only when they generate future economic benefits by virtue of the use of such non-current asset. All other expenses are accounted for in the income statement as expenses as they are incurred.

Assets held under finance lease are depreciated over their useful life, similarly to assets held or, if the lease is shorter, throughout such lease term.

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 equipments	3 – 20 years
Other installations, office equipments	3 – 30 years
Vehicles in finance lease	5 – 6 years

### **Intangible assets**

#### Intangible assets acquired separately

Intangible assets with definite useful life which are acquired separately are accounted at cost less accumulated amortization and impairment. 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. Intangible assets with indefinite useful lives, which are acquired separately, are accounted at cost less cumulated impairment losses.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### **Impairment of tangible and intangible assets**

At each balance sheet date, the Company 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 Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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.

## 2. MAIN ACCOUNTING POLICIES (continued)

### Impairment of tangible and intangible assets (continued)

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.

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.

### *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.

The Company classifies a property (land or building and land) as investment property when:

- a. it is held for future capital appreciation;
- b. at least 50% of its total useful surface area is rented; or
- c. it is not used in the Company's administrative or productive activity and less than 50% of its total useful surface area is/is not rented.

Since the Company discloses at the balance sheet date the investment property using the fair value model, buildings in this category are not depreciated.

### **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.

## 2. MAIN ACCOUNTING POLICIES (continued)

### Provisions

Provisions are recognized when the Company 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 Company's obligation.

### Financial assets and liabilities

The Company'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 Company 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.

### 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 Company's right to receive them is established.

## 2. MAIN ACCOUNTING POLICIES (continued)

### *Financial assets and liabilities (continued)*

#### 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-impairable, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Company'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 Company 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 Company 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.

#### ***Comparatives***

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous year ended.



### 3. INCOME

An analysis of the Company's income for 2015 is presented below:

	<b>Year ended December 31, 2015</b>		<b>Year ended December 31, 2014</b>	
	<i>lei</i>		<i>lei</i>	
<b>Net sales</b>				
Income from sale of finished products	109,257,673		98,889,747	
Income from sale of commodities	64,648,922		56,436,094	
Income from services delivered	230,446		80,677	
Other income	2,565,872		2,532,856	
	<b>176,702,913</b>		<b>157,939,374</b>	
<b>Investment income</b>				
Income from renting investment property	2,532,570		2,513,884	
Income from interest on bank deposits	20,401		52,324	
Dividends received from participations (Note 26)	5,789,355		36,980,642	
	<b>8,342,326</b>		<b>39,546,850</b>	
<b>Segment reporting:</b>				
<b>Income by geographical areas:</b>	<b>Year ended December 31, 2015</b>		<b>Year ended December 31, 2014</b>	
Sales on domestic market (Romania)	147,601,902		134,842,453	
Sales on foreign market (Europe)	28,989,064		23,045,738	
Other (Israel, Taiwan, UAE)	111,947		51,183	
	<b>Segment income</b>		<b>Segment profit</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Segment income and profit</b>				
Polyethylene + polystyrene + polypropylene plastics	88,562,299	83,165,870	17,414,742	13,741,318
Compound recycled products	12,890,948	8,176,590	163,514	(359,835)
Other productive sectors	7,400,737	7,172,864	1,188,047	1,601,091
Income from sale of commodities and other activities	67,848,929	59,424,050	715,061	458,924
<b>Total from operations</b>	<b>176,702,913</b>	<b>157,939,374</b>	<b>19,481,364</b>	<b>15,441,498</b>
Investment income	-	-	8,342,326	39,546,850
Administrative and salary expenses	-	-	(19,216,243)	(15,642,927)
Finance expenses	-	-	(2,114,646)	(2,647,538)
<b>Profit before taxation</b>	<b>-</b>	<b>-</b>	<b>6,492,801</b>	<b>36,697,883</b>

This is a free translation from the original Romanian version.

### 3. INCOME (continued)

**Plastics** include income obtained by the Company 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.

**Other productive sectors** include income obtained by the Company from selling auto and industrial filters, respiratory protection equipment, activated charcoal, PVC pipes and tubes, recycled PVC bases for traffic signs.

**Compounds** include income obtained by the Company from selling plastic compounds made of virgin polymers and compounds and regranulated materials made of recycled polymers.

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

	Asset segment		Liability segment	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Asset and liability segment	lei	lei	lei	lei
Polyethylene + polystyrene + polypropylene plastics	81,217,284	67,744,836	70,487,135	53,338,588
Compound recycled products	90,692,616	64,403,681	46,072,516	18,978,896
Other productive sectors	9,861,459	11,847,715	4,504,951	4,871,806
Other activities	101,066,522	96,781,732	31,644,439	37,844,418
<b>Total assets/liabilities</b>	<b>282,837,881</b>	<b>240,777,964</b>	<b>152,709,040</b>	<b>115,033,708</b>

	Depreciation segment		Segment of non-current assets additions*	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Depreciation and of non- current assets additions	lei	lei	lei	lei
Polyethylene + polystyrene + polypropylene plastics	2,888,389	2,805,120	15,218,269	1,545,446
Compound recycled products	2,649,373	2,676,884	21,862,786	1,077,971
Other productive sectors	472,451	503,538	47,931	351,293
Other activities	1,051,619	2,604,364	842,214	585,601
<b>Total</b>	<b>7,106,832</b>	<b>8,589,905</b>	<b>37,971,200</b>	<b>3,560,310</b>

\* Segment of non-current assets additions represents inflows of fixed assets during the year and does not include inflows from purchases of subsidiaries.

The client portfolio related to the company's production is diverse; it does not depend on certain clients. Nevertheless, as regards the sale of commodities, S.C Romcarbon SA has two clients (Kasakrom Chemicals SRL and LivingJumbo Industry SA). From the relation with such clients, the Company registered in 2015 a Turnover of 20% and 15% of Total sales, and 55% and 40% of Total income from commodity sales.

#### 4. RAW MATERIALS AND CONSUMABLES USED

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>lei</u>	<u>lei</u>
Raw materials	60,484,840	58,312,952
Commodities sold	63,696,871	55,150,176
Energy and water	7,196,879	7,181,283
Expenses with consumables	3,384,191	2,657,438
<b>Total</b>	<b><u>134,762,781</u></b>	<b><u>123,301,849</u></b>

#### 5. OTHER GAINS AND LOSSES

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>lei</u>	<u>lei</u>
Income from penalties charged	1,189,874	41,368
Gain / (Loss) on sale of non-current assets	736	42,720
Losses on calamities (net of insurance indemnities)	-	18,273
Gain / (Loss) on adjustment of investment property at fair value	(2,502,393)	162,851
Gain / (Loss) on disposal of investment property	-	-
FOREX gain / (loss)	(1,070,263)	52,983
Gain / (Loss) on disposal of finance investments	(821,554)	(45,900)
Gain / (Loss) on changes in inventory	487,691	1,156
Other gains	111,505	37,213
<b>Total</b>	<b><u>(2,604,404)</u></b>	<b><u>310,664</u></b>

#### 6. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>lei</u>	<u>lei</u>
<b>Total amortization expenses, of which:</b>	<b><u>7,106,832</u></b>	<b><u>8,589,905</u></b>
Depreciation of fixed assets	6,940,323	7,210,911
Amortization of intangible assets	166,509	200,625
Financial assets impairment	-	1,178,369

## 7. EXPENSES WITH SALARIES AND SOCIAL LEVIES

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>lei</i>	<i>lei</i>
Salaries	17,999,124	15,255,927
Social contributions	4,419,970	4,259,181
Meal tickets	756,243	107,450
<b>Total</b>	<b>23,175,337</b>	<b>19,622,558</b>

Expenses with salaries and social levies increased as compared to the previous year, due to the increase in the number of employees and increase in the average salary in the company as a result of the minimum salary on economy increase.

### *Indemnities granted to top management*

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

	December 31, 2015	December 31, 2014
	<i>lei</i>	<i>lei</i>
Management salaries	1,672,232	1,261,807
Benefits for Board of Administration	248,675	212,904
<b>Total</b>	<b>1,920,907</b>	<b>1,474,711</b>

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

## 8. NET FINANCE COST

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>lei</i>	<i>lei</i>
Bank interest and leases expenses	1,806,009	2,323,401
Bank commissions and assimilated charges	308,637	324,137
<b>Total</b>	<b>2,114,646</b>	<b>2,647,538</b>

## 9. OTHER EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>lei</i>	<i>lei</i>
Expenses with transport and logistics	4,162,504	3,590,564
Other expenses with third party services*	4,300,782	3,471,393
Protocol and marketing	443,200	694,662
Expenses with repairs	692,377	613,194
Taxes and levies	644,844	646,051
Losses on receivables	23,350	26,602
Expenses with insurances	305,169	235,433
Expenses with postal charges and telecommunications	136,446	148,807
Expenses with travels	218,254	120,680
Expenses with rents	436,738	432,684
Expenses with commissions and fees	35,366	44,265
Expenses with fines and penalties	6,045	1,956
Other expenses	103,661	248,261
<b>Total</b>	<b>11,508,736</b>	<b>10,274,552</b>

(\* ) Other expenses with third party services include legal advisory services, financial audit, security, occupational medicine, technical consultancy, IT services, maintenance services, etc.

## 10. INCOME TAX

Income tax expenses	Year ended December 31, 2015	Year ended December 31, 2014
	<i>lei</i>	<i>lei</i>
Current income tax expense	-	13,412
Deferred tax income expense	100,888	471,234
	<b>100,888</b>	<b>484,646</b>

The tax rate applied for the reconciliation above related to 2015 and 2014 is 16% and is due by all Romanian legal persons.

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

Reconciliation of actual income tax rate	Year ended December 31, 2015	Year ended December 31, 2014
	<i>lei</i>	<i>lei</i>
<b>Gross income before taxation</b>	<b>6,492,801</b>	<b>36,697,882</b>
Tax calculated according to the 16% rate	1,038,848	5,781,661
Effect of non-taxable income	(1,140,526)	(6,385,576)
Effect of non-deductible expenses	792,070	527,326
<b>Effect (tax loss) / tax profit</b>	<b>690,392</b>	<b>13,412</b>
Effect of temporarily non-deductible expenses / deferred tax	100,088	471,234
Deductions related to reinvested profit	(690,392)	-
	<b>100,888</b>	<b>484,646</b>

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10. INCOME TAX (continued)

<b>Components of deferred tax liabilities</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Trade and other receivables	(172,382)	(170,863)
Inventories	(124,052)	(124,052)
Investment property	1,519,478	1,919,941
Property, plant and equipment	9,919,713	9,416,843
<b>Recognised income tax liabilities</b>	<b>11,142,757</b>	<b>11,041,869</b>
<b>of which deferred tax on revaluation reserves from comprehensive income</b>	<b>10,563,658</b>	<b>9.635.692</b>
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
<b>Opening balance as at January 1</b>	<b>11,041,869</b>	<b>10,570,635</b>
Movement from revaluation reserves Recognised in income statement	100,888	471,234
<b>Closing balance as at December 31</b>	<b>11,142,757</b>	<b>11,041,869</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**11. PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
<b>COST</b>						
<b>Balance as at January 1, 2015</b>	<b>54,489,512</b>	<b>17,430,566</b>	<b>64,983,211</b>	<b>1,230,235</b>	<b>2,512,753</b>	<b>140,646,278</b>
Additions, of which	-	847,181	37,458,089	97,884	41,074,737	79,477,891
Transfers	-	847,181	37,036,799	97,884	-	37,981,864
Revaluation increases	-	-	-	-	-	-
Disposals, of which	-	(22,711)	(63,642)	-	(37,949,151)	(38,035,505)
Disposals from revaluation	-	-	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>54,489,512</b>	<b>18,255,037</b>	<b>102,377,658</b>	<b>1,328,119</b>	<b>5,638,339</b>	<b>182,088,664</b>
	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
<b>COST</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Balance as at January 1, 2014</b>	<b>54,489,512</b>	<b>17,070,891</b>	<b>62,462,704</b>	<b>1,198,700</b>	<b>1,021,437</b>	<b>136,243,244</b>
Additions, of which	-	361,135	2,939,244	39,299	5,073,673	8,413,352
Transfers	-	361,135	2,939,244	39,299	-	3,339,679
Revaluation increases	-	-	-	-	-	-
Disposals, of which	-	(1,460)	(418,737)	(7,764)	(3,582,357)	(4,010,318)
Disposals from revaluation	-	-	-	-	-	-
<b>Balance as at December 31, 2014</b>	<b>54,489,512</b>	<b>17,430,566</b>	<b>64,983,211</b>	<b>1,230,235</b>	<b>2,512,753</b>	<b>140,646,278</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**11. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
<b>CUMULATED DEPRECIATION</b>						
<b>Balance as at January 1, 2015</b>		<b>1,815,407</b>	<b>25,055,314</b>	<b>521,459</b>		<b>27,392,180</b>
Expenses with depreciation	-	(1,434,353)	(5,416,481)	(89,488)	-	(6,940,322)
Decrease from sale of assets	-	14,089	59,732	-	-	73,820
Revaluation decreases	-	1,304	-	-	-	1,304
<b>Balance as at December 31, 2015</b>	<b>-</b>	<b>(3,234,367)</b>	<b>(30,412,064)</b>	<b>(610,948)</b>	<b>-</b>	<b>(34,257,378)</b>
	<u>Land RON</u>	<u>Buildings RON</u>	<u>Plant and equipment RON</u>	<u>Installations and furniture RON</u>	<u>Tangible assets in progress and advances RON</u>	<u>Total RON</u>
<b>CUMULATED DEPRECIATION</b>						
<b>Balance as at January 1, 2014</b>	-	-	<b>20,072,588</b>	<b>440,110</b>	-	<b>20,512,698</b>
Expenses with depreciation	-	1,816,711	5,305,086	89,114	-	7,210,911
Decreases from sale of assets	-	-	(322,361)	(7,764)	-	(330,125)
Revaluation decreases	-	(1,304)	-	-	-	(1,304)
<b>Balance as at December 31, 2014</b>	<b>-</b>	<b>1,815,407</b>	<b>25,055,314</b>	<b>521,459</b>	<b>-</b>	<b>27,392,180</b>
<b>NET BOOK VALUE</b>						
<b>As at December 31, 2015</b>	<b>54,489,512</b>	<b>15,020,670</b>	<b>71,965,594</b>	<b>717,171</b>	<b>5,638,339</b>	<b>147,831,286</b>
<b>As at December 31, 2014</b>	<b>54,489,512</b>	<b>15,615,159</b>	<b>39,927,898</b>	<b>708,776</b>	<b>2,512,753</b>	<b>113,254,098</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in lei, unless specified otherwise)**
**11. PROPERTY, PLANT AND EQUIPMENT (continued)**

As at December 31, 2013 the Company revalued tangible assets from the land and buildings category using the services of an independent valuer. The differences in value reflected in the financial statements ended December 31, 2013 amounted to lei 29,100,504 as a result of the revaluation of Romcarbon S.A. assets. The revaluated amount of land decreased by lei 30,534,850 and the revaluated amount of buildings and constructions increased by lei 1,434,344.

The net book value of tangible assets under finance lease is lei 7,961,088 as at December 31, 2015 and lei 8,342,758 as at December 31, 2014.

**Pledged and restricted tangible assets**

Tangible assets with a net book value of lei 126,063,202 as at December 31, 2015 (December 31, 2014: lei 124,746,120) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank SA and Eximbank SA. Some of the commercial banks issued letters of guarantee for certain loans contracted in order to finance the Company's activity. To issue such letters of guarantee, the Company pledged fixed assets with a net book value as at December 31, 2015 of lei 96,243 (December 31, 2014: lei 217,968).

In 2015, the Company purchased production equipment totaling lei 29,988,347 based on a grant under Sectoral Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007 – 2013 - co-funded from the European Regional Development Fund, Priority Axis 1, generically called – "Development of S.C. ROMCARBON S.A. through the purchase of new equipment".

**12. INVESTMENT PROPERTY**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
<b>Balance as at January 1</b>	<b>46,317,533</b>	<b>45,934,052</b>
Total additions, out of which:		
Additions	809,715	1,085,640
Revaluation increases	805,064	865,008
Revaluation decreases	(3,327,923)	(702,157)
	<hr/>	<hr/>
<b>Balance as at December 31</b>	<b>43,799,325</b>	<b>46,317,533</b>

As at December 31, 2015, the Company owns in its locations in Iasi, Stefanesti and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

As at December 31, 2015, the Company performed the valuation of the investment property and the result, in amount of lei 2,502,393 was charged to profit and loss.

If the Company would have valued the investment property at cost, then the value as of December 31, 2015 would have been lei 43,305,281.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**13. OTHER INTANGIBLE ASSETS**

	<u>Licences</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
<b>COST</b>	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
<b>Balance as at January 1, 2015</b>	<b>544,520</b>	<b>513,971</b>	<b>-</b>	<b>1,058,491</b>
Additions	71,027	-	76,094	147,121
Transfers	-	-	-	-
Disposals	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>615,547</b>	<b>513,971</b>	<b>76,094</b>	<b>1,205,612</b>
<b>Balance as at January 1, 2014</b>	<b>474,381</b>	<b>513,971</b>	<b>-</b>	<b>988,352</b>
Additions	70,950	-	-	70,950
Transfers	-	-	-	-
Disposals	(811)	-	-	(811)
<b>Balance as at December 31, 2014</b>	<b>544,520</b>	<b>513,971</b>	<b>-</b>	<b>1,058,491</b>
<b>ACCUMULATED AMORTIZATION</b>				
<b>Balance as at January 1, 2015</b>	<b>(412,811)</b>	<b>(436,391)</b>	<b>-</b>	<b>(849,202)</b>
Expenses with amortization	(89,763)	(76,746)	-	(166,509)
Write-offs on disposal of assets	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>(502,574)</b>	<b>(513,137)</b>	<b>-</b>	<b>(1,015,711)</b>
<b>Balance as at January 1, 2014</b>	<b>(342,991)</b>	<b>(306,195)</b>	<b>-</b>	<b>(649,185)</b>
Expenses with amortization	(70,429)	(130,196)	-	(200,625)
Write-offs on disposal of assets	608	-	-	608
<b>Balance as at December 31, 2014</b>	<b>(412,811)</b>	<b>(436,391)</b>	<b>-</b>	<b>(849,202)</b>
<b>NET BOOK VALUE</b>				
<b>As at December 31, 2015</b>	<b>112,973</b>	<b>833</b>	<b>76,094</b>	<b>189,900</b>
<b>As at December 31, 2014</b>	<b>131,709</b>	<b>77,580</b>	<b>-</b>	<b>209,289</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**14. OTHER FINANCIAL ASSETS**

Details on the Company's investments in subsidiaries and associates are as follows:

<u>Name of investment</u>	<u>Core activity</u>	<u>Place of establishment and operations</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
			<u>%</u>	<u>%</u>	<u>RON</u>	<u>RON</u>
Recyplat Ltd Cyprus	Business and other management consultancy activities	Nicosia	100%	100%	20.857.257	20,857,287
RC Energo Install SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100%	99.50%	15.112	1,990
Info Tech Solutions SRL	Data processing, hosting and related activities (NACE code 6311)	Buzau	99%	99%	1.980	1,980
Living Jumbo Industry SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99%	99%	1.639.232	1,639,232
Total Commercial Management SRL	Business and other management consultancy activities (NACE code 7022).	Buzau	-	95%	-	190
Taipei Cimeo SRL	Other human health activities (NACE code 8690)	Buzau	-	60%	-	491,040
Polymasters Chemicals SA	Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221)	Buzau	-	60%	-	79,800
Eco Pack Management SA	Other business support service activities n.e.c. (NACE code 8299)	Bucharest	25,36%	25.36%	586.625	586,625
Asociatia Ecologica Greenlife (Non-Profit Organization)	The scope of the association is to represent, promote and support the employer and professional interests of its members	Buzau	33,33%	33.33%	400	400
Yenki SRL	Activities of sports facilities (NACE code 9311)	Buzau	33,34%	33.34%	100.000	100,000
Greensort Recycling SRL	NACE code 3832 - Recovery of sorted materials	Bucharest	51%	51%	20.400	20,400
Registrul Miorita SA		Cluj	3,79%	3.79%	5.000	5,000
Romcarbon Deutschland GmbH	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	Germany	100%	100%	110.138	110,138
Kang Yang Biotechnology CO. LTD	Manufacture of products beneficial for human health	Taiwan	4,81%	4.81	203.963	203,963
<b>TOTAL</b>					<b>23.540.137</b>	<b>24,098,045</b>
<b>Financial assets impairment</b>					<b>(677.127)</b>	<b>(1,178,369)</b>
<b>Total financial assets</b>					<b>22.863.010</b>	<b>22,919,676</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015  
(all amounts are expressed in lei, unless specified otherwise)****14. OTHER FINANCIAL ASSETS (continued)**

Details on changes in subsidiaries and associates investments in 2014 and 2015 are as follows:

In 2013, S.C. ROMCARBON S.A participated in the share capital of ROMCARBON DEUTSCHLAND GmbH with an amount of lei 110,138, the equivalent of EUR 25,000, holding 100% of its share capital.

The field of activity of ROMCARBON DEUTSCHLAND GmbH is "Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste".

In 2016, ROMCARBON DEUTSCHLAND GmbH initiated the voluntary liquidation proceedings.

In March 2013, S.C. ROMCARBON S.A. purchased 139,000 shares in KANG YANG BIOTECHNOLOGY CO.LTD TAIWAN for which it paid lei 203,963, the equivalent of EUR 46,500. The field of activity of the company is the manufacture of products beneficial for human health.

Between May 22, 2013 and May 21, 2016 SC POLYMASTER CHEMICALS SA is suspended pursuant to Art. 237 of Law 31/1990.

On August 1, 2013 SIGUREC INTERNATIONAL SA started the voluntary dissolution proceedings according to the Decision of the GMS of August 1, 2013 according to Art. 113 letter i) and Art. 227 letter d) of Law 31/1990. In February 2014, the company was de-registered from the Registry of Commerce.

In December 2013, SC Romcarbon SA participated to the increase of the share capital of SC Eco Pack Management SA with an amount of lei 166,950, by converting the shareholder loan granted based on contract no. 8870/20.12.2012.

Between November and December 2013, SC ROMCARBON SA sold its participation in Grinfilid Ukraine to Recyplat LTD Cyprus. In exchange for such participation, it received EUR 709,000.

In November 2014, S.C. ROMCARBON S.A. reduced its holding in the share capital of SC ECO PACK MANAGEMENT S.A. from 49.966% to 25.3597%, by not participating in the increase of such company's share capital.

In December 2014, S.C. ROMCARBON S.A. increased its holding in Yenki SRL from 25% to 33.33% by purchasing 2,734 share parts against lei 18,000.

As at December 31, 2014, the Company recorded an impairment for financial assets in amount of lei 1,178,369, broken down as follows: Eco Pack Management SA lei 554,263, Taipei Cimeo SRL lei 491,040, Romcarbon Deutschland GMBH lei 110,138, other investments lei 22,929.

In 2015, Taipei Cimeo S.R.L, Polymasters Chemicals S.A. and Total Commercial Management S.R.L were shut down.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**15. INVENTORIES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Raw materials	12,099,300	11,077,456
Consumables	2,334,141	1,594,530
Items of inventory	133,552	100,575
Packaging	130,235	91,666
Finished products	3,310,115	2,403,874
Unfinished products	1,354,887	1,417,545
Semi-finished products	1,426,881	1,320,702
Residual products	4,004	2,534
Commodities	371,988	366,750
Advances for purchases of inventory	110,082	504,487
Allowance for obsolete inventories	(775,326)	(775,325)
<b>Total</b>	<b>20,499,859</b>	<b>18,104,795</b>

**16. TRADE AND OTHER RECEIVABLES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Trade receivables	34,271,865	30,925,154
Allowances for doubtful clients	(1,539,112)	(1,525,561)
Taxes to recover/(paid)	94,959	(7,194)
Other receivables	7,921	7,011
Subsidies receivable	1,123,683	-
<b>Total</b>	<b>33,959,316</b>	<b>29,399,410</b>

When determining the recoverability of a receivable, the Company 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 clients are not related to each other.

Therefore, the Company's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

	<b>Analysis of receivables due for more than 60 days</b>		<b>Analysis of allowances by age</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
60 - 90 days	253,911	810,977	-	-
90 - 120 days	3,604	14,422	-	-
More than 120 days	1,583,337	1,750,766	1,539,112	1,525,561
<b>Total</b>	<b>1,840,852</b>	<b>2,576,165</b>	<b>1,539,112</b>	<b>1,525,561</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**17. OTHER CURRENT ASSETS**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>lei</i>	<i>lei</i>
Prepaid expenses	366,752	236,199
Advances to services suppliers	-	10,252
<b>Total</b>	<b><u>366,752</u></b>	<b><u>246,451</u></b>

**18. ISSUED CAPITAL**

	<u>Share capital</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>lei</i>	<i>lei</i>
264,122,096 fully paid ordinary shares (2013: 264,122,096). The value of one share is RON 0.1	26,412,210	26,412,210
Inflation effect according to IAS 29	-	-
<b>Total</b>	<b><u>26,412,210</u></b>	<b><u>26,412,210</u></b>

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Number of shares</u>	<u>% ownership</u>	<u>Number of shares</u>	<u>% ownership</u>
Living Plastic Industry SA	86,774,508	32.85%	86,774,508	32.85%
Unitai International Corporation	615,500	0.23%	615,500	0.23%
Joyful River Limited Loc. Nicosia CYP	54,195,089	20.52%	54,195,089	20.52%
ROMANIAN INVESTMENT FUND (Eastern Eagle Fund LTD)	27,622,431	10.46%	37,622,431	14.24%
SGKB (LUX) FUND-DANUBE TIGER(EUR) (Hyposwiss Lux Fund-Danube Tiger- Luxembourg Lux)	-	-	20,083,344	7.60%
Palmer Capital Emerging Europe Equity (formerly, Mei Roemenie en Bulgarije)	-	-	4,294,004	1.63%
STICHTING BEWAARDER OVERLEVINGSFONDS	13,206,106	5.00%	-	-
BRAICONF SA	10,000,000	3.79%	-	-
Other legal persons	21,843,341	8.27%	31,641,620	11.98%
Other natural persons	49,865,121	18.88%	28,895,600	10.94%
<b>Total</b>	<b><u>264,122,096</u></b>	<b><u>100%</u></b>	<b><u>264,122,096</u></b>	<b><u>100.00%</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**19. RESERVES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Legal reserves	3,389,916	3,070,320
Other reserves	5,262,645	1,163,442
Revaluation reserves	44,722,948	45,185,034
<b>Total</b>	<b>53,375,509</b>	<b>49,418,796</b>

The legal reserve is used to transfer profits from retained earnings. According to Romanian legislation, it is necessary a transfer of the net profit of the Company. The transfer can be of up to 5% of the profit before tax, until the reserve reaches 20% of the share capital. The value as per the IFRS of reserves includes statutory legal reserves in amount of lei 3,398,916.

The reserve cannot be distributed to shareholders, but it can be used to cover operating losses.

**20. RETAINED EARNINGS**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
<b>Balance at the beginning of the year</b>	<b>47,730,966</b>	<b>12,697,983</b>
Net profit	6,391,913	36,213,237
Transfer to legal reserves	(319,596)	(1,810,662)
Write-off of IAS 29 application on items of equity	-	-
Transfer to other reserves*	(4,099,203)	(127,129)
Reclassification of revaluation reserve to retained earnings	-	-
Transfers from revaluation reserves	462,086	757,537
Dividend allocation	(2,007,328)	-
<b>Balance at the end of the year</b>	<b>48,158,838</b>	<b>47,730,966</b>

\*Transfer of reinvested profit to Other reserves according to the Fiscal Code.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS**

<b>Borrowings – short-term</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Credit line in Euro – BRD	9,741,940	11,172,953
Investment loan in Euro - BRD	2,377,384	2,355,105
Investment loan in Euro III - BRD	2,038,068	-
Investment loan in Euro II - BRD	47,276	-
UniCredit Tiriac (credit line)	14,136,626	15,463,246
UniCredit Tiriac (object loan)	10,212,665	9,098,964
Investment loan in Euro (I) - NBG Malta	-	2,534,668
Investment loan in Euro (II) - NBG Malta	-	2,176,257
UniCredit Tiriac – bridge loan - CCE 2015	9,383,827	-
UniCredit Tiriac - VAT facility - CCE 2015	1,219,561	-
Eximbank SA	64,688	-
Eximbank SA	189,827	-
<b>Total</b>	<b>49,411,862</b>	<b>42,801,193</b>

**Borrowings – long-term**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Investment loan in Euro - BRD	2,773,615	5,813,423
Investment loan in Euro II - BRD	3,072,900	-
Investment loan in Euro III – BRD	10,360,176	-
UniCredit Tiriac	13,426,091	-
Eximbank SA	711,568	-
Eximbank SA	2,088,090	-
Investment loan in Euro (i) – NBG Malta	-	4,858,115
Investment loan in Euro (II) - NBG Malta	-	4,171,161
<b>Total</b>	<b>32,432,440</b>	<b>14,842,699</b>

The Company has contracted the following short-term loans as at December 31, 2015:

**a) credit line contracted from UniCredit Bank SA in amount of EUR 3,450,000**

- Outstanding amount as at December 31, 2015: lei 14,136,626 (equivalent of EUR 3,124,462)
- Due on: July 2, 2016
- Securities:

1. Mortgage on the following immovable assets (land + constructions), having a net book value as at December 31, 2015 of lei 29,723,962 identified 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;



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS (continued)**

The Company has contracted the following short-term loans as at December 31, 2015: (continued)

**a) credit line contracted from UniCredit Tiriac Bank in amount of EUR 3,450,000 (continued)**

- 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 surface area of 3,308 sq m, resulting from the division of the area holding 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. 64371, having a total surface area of 22,830 sq m, resulting from the division of the area holding 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. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Tiriac Bank – Buzău Branch;
  3. Mortgage over 70 machinery having a net book value of lei 315,353 as at December 31, 2015;
  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 as co-borrower.

**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, 2015: lei 10,212,665 (equivalent of EUR 2,257,192)
  - Due on: July 4, 2016
  - Securities:
1. Mortgage of subsequent rank over immovable assets (land + constructions) having a net book value as at December 31, 2015 of lei 25,324,601, identified 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;

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS (continued)**

- cadastral no. 64699, having a surface area of 3,308 sq m, resulting from the division of the area holding 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. 64371, having a total surface area of 22,830 sq m, resulting from the division of the area holding cadastral no. 54553, formerly 18335 (having a total surface area of 23,451 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. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Tiriac Bank – Buzău Branch;
  3. Mortgage over 70 machinery having a net book value of lei 315,353 as at December 31, 2015;
  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. Blank promissory note, with the mention “No Protest”;
  6. Assignment of the claims, notified and accepted by KASAKROM Chemicals SRL Bucharest, Arpa SA Logistics Greece, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focșani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucharest, V&T Trade Ltd Sofia Bulgaria, clients of SC ROMCARBON SA, which are assigned debtors, with possibility of supplementing the security by other new contracts/relations that will be performed throughout the validity period of the facility.
  7. LivingJumbo Industry SA as co-borrower.

**c) credit line contracted from BRD GSG in amount of EUR 2,550,000**

- Outstanding amount as at December 31, 2015: lei 9,741,940 (equivalent of EUR 2,153,153)
- Due on: September 30, 2016
- Securities:
  1. Security interest in real estate over immovable assets (land + constructions) having a net book value of lei 11,999,114 as at December 31, 2015, identified as follows:
    - 61094 (344/1/6) having a total surface area of 8,922 sq m, 52789 (344/1/8) having a total surface area of 17,922 sq m, 61100 (344/1/9) having a total surface area of 6,505 sq m, 52777 (344/1/10) having a total surface area of 3,720 sq m, 52808 (344/1/11/1) having a total surface area of 4,561 sq m located at Strada Transilvaniei, nr. 132, Buzău;
    - 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, Buzău having a total surface area of 287 sq m.
  2. Mortgage without dispossession over 31 machinery with a net book value of lei 426,573 as at December 31, 2015;
  3. Mortgage over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS (continued)**

The Company has contracted the following short-term loans as at December 31, 2015: (continued)

**d) Bridge investment loan to co-fund project "Development of Romcarbon SA" in amount of EUR 2,133,369 contracted from UniCredit Bank SA:**

- Outstanding amount as at December 31, 2015: lei 9,383,827 (equivalent of EUR 2,074,003)
- Due on: 31.03.2016
- Securities:
  1. Mortgage over goods purchased under project „Development of Romcarbon SA”;
  2. Mortgage over all accounts and sub-accounts present and future opened by Romcarbon SA with UniCredit Bank SA.

**e) Credit line to fund project "Development of Romcarbon SA" contracted from UniCredit Bank SA, and to fund the related VAT, in amount of lei 3,000,000:**

- Outstanding amount as at December 31, 2015: lei 1,219,561
- Due on: 31.03.2016
- Securities:
  1. Mortgage over all accounts and sub-accounts present and future opened by Romcarbon SA with UniCredit Bank SA.

**As at December 31, 2015, the Company contracted the following long-term loans:**

**a) Investment loan I in amount of EUR 2,058,000 contracted from BRD GSG:**

- Outstanding amount as at December 31, 2015: lei 5,150,999 (equivalent of EUR 1,138,468)
- Due on: 01.03.2018
- Securities:
  1. Mortgage without dispossession over the credit balance of accounts/sub-accounts opened in RON and foreign currency by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  2. Mortgage over real estate having a net book value as at December 31, 2015 of lei 11,739,887 identified by the following cadastral numbers: 54589 (formerly 344/1/13/2) having a total surface area of 2,534 sq m; 64708 having a total surface area of 10,077 sq m, resulting from the division of the area holding cadastral no. 52809 (formerly 344/1/15/1); 54304 (formerly 13994) having a total surface area of 16,787 sq m;
  3. Mortgage without dispossession over 18 machinery having a net book value of lei 18,451,241 as at December 31, 2015;
  4. Mortgage without dispossession over the credit balance of accounts/sub-accounts opened in RON and foreign currency by S.C. LivingJumbo Industry SA with BRD GSG – Buzău Branch.

**b) Investment loan II in amount of EUR 1,000,000 (partly used) contracted from BRD GSG.**

- Outstanding amount as at December 31, 2015: lei 3,120,175 (equivalent of EUR 689,618)
- Due on: 03.09.2022
- Securities:
  1. Mortgage over the credit balance of present and prospective accounts/sub-accounts in lei and foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. LivingJumbo Industry S.A., as co-debtor, with BRD GSG – Buzău Branch;
  3. Mortgage over the assets purchased out of the outstanding loan estimated at EUR 1,400,000 (without VAT).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS (continued)**

**c) Investment loan III in amount of EUR 3,153,160 contracted from BRD GSG**

- Outstanding amount as at December 31, 2015: lei 12,398,244 (equivalent of EUR 2,740,246)
- Due on: 03.02.2022
- Securities:
  1. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C.LivingJumbo Industry S.A, as co-debtor, with BRD GSG – Buzău Branch;
  3. First rank mortgage over real estate having a total surface area of 34,605 sq m and a net carrying amount as at December 31, 2015 of lei 13,196,285, identified by the following cadastral numbers: 61517 with a surface area of 16,818 sq m, 54582 with a surface area of 4,108 sq m and 64815 with a surface area of 13,678 sq m;
  4. Mortgage over receivables with a minimum balance of EUR 500,000 resulting from the commercial contracts concluded with Romcarbon SA with its partners, which total an annual EUR 3,300,000.

**d) Investment loan for the purchase of equipment and financing and re-financing of construction and fit-out works of shop floors in amount of lei 6,142,500 contracted from Banca de Export-Import a Romaniei Eximbank SA, partly angajat.**

- Outstanding amount as at December 31, 2015: lei 3,054,173
- Due on: 20.06.2022
- Securities:
  1. Mortgage over real estate having a total surface area of 23,243 sq m mp and a net carrying amount as at December 31, 2015 of lei 4,783,373, identified by the following cadastral numbers: 52853 with a surface area of 1,323 sq m, 52837 with a surface area of 1,907 sq m, 54576 with a surface area of 380 sq m, 54588 with a surface area of 4,882 sq m, 54558 with a surface area of 152 sq m, 54430 with a surface area of 1,320 sq m, 60631 with a surface area of 911 sq m, 64035 with a surface area of 601 sq m, 55996 with a surface area of 242 sq m and 56197 with a surface area of 56197 sq m;
  2. Mortgage over future goods to be purchased by Romcarbon SA out of such loan;
  3. Mortgage over current accounts in lei and foreign currency opened with EximBank SA by Romcarbon SA;
  4. Blank promissory note, with the mention "No Protest".

**e) Investment loan to co-fund project "Development of Romcarbon SA" in amount of EUR 2,967,420 contracted from UniCredit Bank SA:**

- Outstanding amount as at December 31, 2015: lei 13,426,091 (equivalent of EUR 2,967,420)
- Due on: 04.12.2023
- Securities:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**21. BORROWINGS (continued)**

1. Mortgage over the goods purchased in project "Development of Romcarbon SA"
2. Mortgage over all the future accounts/sub-accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

As at December 31, 2015, S.C. Romcarbon S.A. has contracts for the followings loans:

Bank	Initial value	31.12.2015		31.12.2015		Due on
		in euro	in lei	Short-term	Long-term	
Credit line in Euro - UniCredit Bank – ceiling EUR 3.450 M	€ 3,450,000	€ 3,124,462	14,136,626 RON	14,136,626 RON	- RON	02.07.2016
Credit line in Euro - UniCredit Bank – ceiling EUR 2.500 M	€ 2,500,000	€ 2,257,192	10,212,665 RON	10,212,665 RON	- RON	04.07.2016
Credit line in Euro – BRD – EUR 2.550 M	€ 2,550,000	€ 2,153,153	9,741,940 RON	9,741,940 RON	- RON	30.09.2016
Investment loan in Euro – BRD I – EUR 2.058 M	€ 2,058,000	€ 1,138,468	5,150,999 RON	2,377,384 RON	2,773,615 RON	01.03.2018
Investment loan in Euro – BRD II – eur 1.000 M	€ 1,000,000	€ 689,618	3,120,175 RON	47,275 RON	3,072,900 RON	03.09.2022
Investment loan in Euro – BRD II – eur 3.153 M	€ 3,153,160	€ 2,740,246	12,398,244 RON	2,038,068 RON	10,360,176 RON	03.02.2022
Investment loan CCE – UniCredit Bank- EUR 3.042 M	€ 3,042,240	€ 2,967,420	13,426,091 RON	- RON	13,426,091 RON	04.12.2023
Bridge loan – CCE 2015 – UniCredit Bank – EUR 2.133 M	€ 2,133,369	€ 2,074,003	9,383,827 RON	9,383,827 RON	- RON	31.03.2016
	<b>€ 19,886,769</b>	<b>€17,144,562</b>	<b>77,570,567 RON</b>	<b>47,937,785 RON</b>	<b>29,632,782 RON</b>	

Bank	Initial value	31.12.2015		31.12.2015		Due on
		in EUR	in lei	Short-term	Long-term	
Investment loan EximBank SA -6,142 MRon	6,142,500 RON		3,054,174 RON	254,514 RON	2,799,659 RON	20.06.2022
VAT facility – CCE 2015 – UniCredit Bank – RON 3.00 M	3,000,000 RON		1,219,561 RON	1,219,561 RON	- RON	20.06.2022
	<b>9,142,500 RON</b>		<b>4,273,735 RON</b>	<b>1,474,075 RON</b>	<b>2,799,659 RON</b>	

Such loans are interest bearing, i.e., Euribor (1M) or Euribor (3M) + bank margin between 2 and 3.00%, for loans contracted in EUR, and Robor (1M) + bank margin between 1.60 – 1.80% for loans contracted in RON.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**22. OTHER BORROWINGS**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Liabilities to employees	596,667	514,144
Liabilities related to social contributions	635,389	534,944
Other tax liabilities	164,983	1,043,731
	<b>1,397,039</b>	<b>2,092,819</b>

**23. TRADE LIABILITIES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Trade liabilities	28,977,812	27,363,726
Other liabilities	1,255,293	1,020,568
Suppliers invoices not received	508,525	412,298
Advances from clients	187,019	104,256
<b>Total</b>	<b>30,928,649</b>	<b>28,900,848</b>

**24. FINANCE LEASE OBLIGATIONS**
**Lease contracts**

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

**Finance lease liabilities**
**Reconciliation of minimum lease payments at net present value**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Amounts due within one year	1,799,858	1,744,728
Due in more than one year, but less than 5 years	1,218,837	2,817,761
Less future finance expenses	(114,544)	(268,735)
<b>Total</b>	<b>2,904,151</b>	<b>4,293,754</b>

**Present value of future finance lease payments**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Amounts due within one year	1,709,000	1,588,642
Due in more than one year, but less than 5 years	1,195,151	2,705,112
<b>Total</b>	<b>2,904,151</b>	<b>4,293,754</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)**25. FINANCIAL INSTRUMENTS****(a) Capital risk management**

The Company manages its capital to ensure that Company 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 21, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 18, 19 and 20.

The management of the Company'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 Company 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 Company'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 Company's operations through reports on internal risks, analyzing 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 Company'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 Company's exposure to market risks or in the manner the Company manages and measures risks.

**(e) Currency risk management**

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

**(f) Interest rate risk management**

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)**25. FINANCIAL INSTRUMENTS (continued)*****(h) Credit risk management***

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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 Company'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 Company does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Company 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 Company funds' short, medium and long term insurance and the liquidity management requirements. The Company 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 26 includes a list of additional facilities not drawn, available to the Company 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 Company's maximum exposure to credit risks related to existing receivables.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**25. FINANCIAL INSTRUMENTS (continued)**

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

2015	EUR 1EUR = lei 4.5245	USD 1USD = lei 4.1477	lei 1 lei	December 31, 2015 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
<b>Assets</b>				
Cash and cash equivalents	1,754,894	61,973	11,071,969	12,888,836
Receivables and other current assets	2,321,278	86,231	31,551,807	33,959,316
Other assets	-	-	366,752	366,752
<b>Liabilities</b>				
Trade and other liabilities	11,825,878	44,152	19,058,619	30,928,649
Short and long-term borrowings	77,570,567	-	4,273,735	81,844,302
Short and long-term finance lease liabilities	2,904,151	-	-	2,904,151
Other liabilities	-	-	1,397,039	1,397,039
<b>2014</b>				
	EUR 1EUR = lei 4.4821	USD 1USD = lei 3.6868	lei 1 lei	December 31, 2014 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
<b>Assets</b>				
Cash and cash equivalents	6,116,090	40,103	3,404,019	9,560,212
Receivables and other current assets	3,420,648	20,075	25,958,687	29,399,410
Loans granted to related parties	635,099	-	-	635,099
Other receivables	-	-	246,451	246,451
<b>Liabilities</b>				
Trade and other liabilities	9,762,788	561,260	20,669,619	30,993,667
Related party borrowings	-	-	-	-
Short and long-term borrowings	57,643,892	-	-	57,643,892
Short and long-term finance lease liabilities	4,293,754	-	-	4,293,754
Other liabilities	-	-	2,092,819	2,092,819

This is a free translation from the original Romanian version.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)

**25. FINANCIAL INSTRUMENTS (continued)**

The Company is mainly exposed to EUR and USD exchange rates. The following table details the Company'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 Leu 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.

	<u>31-Dec-2015</u>	<u>31-Dec-2014</u>
	<i>lei</i>	<i>lei</i>
Loss	(8,874,845)	(6,193,765)

**Tables regarding liquidity and interest rate risks**

The following tables present the maturity terms of the Company'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 Company is likely to be claimed payment. The table includes both interest and cash flows related to principal.

<b>2015</b>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
<b>Non-interest bearing</b>				
Trade liabilities	30,928,649	-		30,928,649
Other current liabilities	1,397,039	-		1,397,039
<b>Interest bearing instruments</b>				
Borrowings from financial institutions	49,411,861	6,292,516	26,139,625	81,844,302
Short and long-term leases	1,710,188	1,088,208	105,825	2,904,151
<b>Non-interest bearing</b>				
Cash and cash equivalents	12,888,836	-	-	12,888,836
Receivables and other current assets	33,959,316	-	-	33,959,316

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**25. FINANCIAL INSTRUMENTS (continued)**

2014	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
<b><i>Non-interest bearing</i></b>				
Trade liabilities	28,900,848		-	28,900,848
Other current liabilities	2,092,819		-	2,092,819
<b><i>Interest bearing instruments</i></b>				
Related party borrowings	-	-	-	-
Borrowings from financial institutions	42,801,193	2,355,105	12,487,594	57,643,892
Short and long-term leases	1,588,642	1,473,496	1,231,615	4,293,754
<b><i>Non-interest bearing</i></b>				
Cash and cash equivalents	9,560,212	-	-	9,560,212
Receivables and other current assets	29,399,410	-	-	29,399,410

**26. RELATED PARTY TRANSACTIONS**

The transactions among the Company and its subsidiaries – Company's related parties - are 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.

**Dividends received**

	<u>December 31, 2015</u> <i>lei</i>	<u>December 31, 2014</u> <i>lei</i>
YENKI SRL BUZAU	-	1,877
LIVING JUMBO INDUSTRY SA	990,000	1,485,000
TOTAL COMMERCIAL MANAGEMENT SRL BUZAU	-	14,885
RECYPLAT LIMITED	4,698,776	35,478,880
INFO TECH SOLUTION SRL BUZAU	100,579	-
<b>TOTAL</b>	<b>5,789,355</b>	<b>36,980,642</b>

**Loans to related parties**

	<u>December 31, 2015</u> <i>lei</i>	<u>December 31, 2014</u> <i>lei</i>
RC ENERGO INSTALL SRL	-	635,099
<b>TOTAL</b>	<b>-</b>	<b>635,099</b>

In November and December 2014, under contract no. 4743/17.11.2014, SC Romcarbon SA granted a loan of EUR 141,000 to RC Energo Install SRL – company where SC Romcarbon SA holds 99.50% of the share capital. The loan and related interest were fully paid in January 2015.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**26. RELATED PARTY TRANSACTIONS (continued)**

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related entities	
	2015	2014	2015	2014	2015	2014	2015	2014
ECO PACK MANAGEMENT SRL	80,854	91,772	56,447	57,508	16,419	16,583	-	5,366
INFO TECH SOLUTION SRL BUZAU	30,213	37,205	475,055	372,259	-	-	69,549	42,957
LIVING JUMBO INDUSTRY SA RC ENERGO INSTALL SRL BUZAU	32,474,553	32,623,640	575,652	569,148	7,454,929	7,416,724	43,710	92,888
TAIPEI CIMEO SRL	102,251	101,538	2,527,390	1,180,108	-	1,747	288,507	35,737
YENKI SRL BUZAU	11,401	29,239	-	714	-	2,528	-	885
ROMCARBON DEUTSCHLAND EURO	9,660	9,553	-	806	-	-	-	-
	-	-	1,474,337	1,126,511	-	10,218	-	-
<b>Total</b>	<b>32,708,932</b>	<b>32,892,947</b>	<b>5,108,881</b>	<b>3,307,054</b>	<b>7,471,448</b>	<b>7,447,800</b>	<b>401,766</b>	<b>177,833</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**26. RELATED PARTY TRANSACTIONS (continued)**

Transactions with companies where Romcarbon SA indirectly holds less than 25% of the shares:

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related entities	
	2015	2014	2015	2014	2015	2014	2015	2014
GREENFIBER INTERNATIONAL SA	2,109,667	2,140,559	198,330	152,656	399,870	435,296	52,053	36,825
GREENLAMP RECICLARE SA	4,947	1,389	-	-	1,282	1,357	-	-
GREENTECH SA BUZAU	14,174	7,855	920,393	972,088	3,881	3,574	107,715	185,940
GREENWEEE INTERNATIONAL SA	231,480	210,799	1,544,980	1,296,338	26,096	43,403	220,051	178,988
GREENTECH D.O.O Serbia	-	-	4,037	-	-	-	-	-
TOTAL WASTE MANAGEMENT SRL	409,485	477,215	340,680	43,615	39,106	6,932	121,933	1,330
	<b>2,769,753</b>	<b>2,837,818</b>	<b>3,008,420</b>	<b>2,464,697</b>	<b>470,234</b>	<b>490,562</b>	<b>501,752</b>	<b>403,083</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
 (all amounts are expressed in lei, unless specified otherwise)

**27. 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:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Cash at banks	12,864,940	9,535,717
Cash on hand	23,346	24,395
Cash equivalents	550	100
<b>Total</b>	<b>12,888,836</b>	<b>9,560,212</b>

**28. DEFERRED INCOME**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<i>lei</i>	<i>lei</i>
Grants Unido funds and car scrap program	52,924	102,287
Grants – project co-funded by European funds for 2011	9,803,030	10,935,434
Grants – project co-funded by European funds for 2015	14,605,372	
Inventory surpluses in the form of non-current assets	14,018	14,485
<b>Total</b>	<b>24,475,344</b>	<b>11,052,206</b>

As at Decembr 31, 2015, the Company registered investment subsidies and other amounts in the form of investment subsidies, not transferred to income, totalling lei 24,475,344. They are recognized as income on a monthly basis, in line with the depreciation of property, plant and equipment purchased throughout the useful life.

**29. 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 Company is likely to continue to be subject to periodic controls for breaches or alleged breaches of new and existing laws and regulations. Although the Company 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 Company. 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 Company's administrators consider that the Company's tax liabilities have been calculated and recorded according to the legal provisions.

**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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015**  
(all amounts are expressed in lei, unless specified otherwise)**29. COMMITMENTS AND CONTINGENCIES (continued)****Environmental matters**

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

**30. SUBSEQUENT EVENTS**

On January 21, 2016, the Ordinary General Meeting of Shareholders which was attended by shareholders representing 72.6193% of the share capital, in accordance with the legal provisions and the constitutive act, further to the debates and deliberations on the matters included on the agenda, unanimously decided, by vote, to appoint Messrs Hung Ching Ling, Simionescu Dan and Wang Yi Hao as Administrators of S.C. ROMCARBON S.A., for a mandate of 4 years, starting from February 4, 2016.

On January 29, 2016, the Company received from the Managing Authority the last installment of the grant for the project generally entitled – "Development of S.C. ROMCARBON S.A. through the purchase of new equipment" under Sectoral 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".

On January 22, 2016 the Company repaid the balance of lei 1,219,561 of the credit line for the funding of project "Development of Romcarbon SA" contracted from UniCredit Bank SA, namely for the funding of VAT related to such project.

On January 29, 2016 the balance of EUR 2,074,003 of the Bridge investment loan for the co-funding of project "Development of Romcarbon SA" contracted from UniCredit Bank SA was repaid.



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**BOARD OF DIRECTORS' REPORT  
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ROMCARBON S.A., a legal entity with headquarters in Buzau, Transilvaniei street, no. 132, registered to Buzau Commerce Registry under no. J10/83/1991, recorded in accounting balance sheet for the year ended December 31, 2015, the amount of 26.412.209,60 lei as subscribed and paid in share capital representing a number of 264.122.096 shares of 0,10 lei each share.

Data and information from the following sources have been used for the present Report:

- The internal audit reports drawn up in 2015 in various audit missions made according to the Internal Audit Plan;
- The Separate Financial Statements drawn for the year ended December 31, 2015 in accordance with applicable accounting regulations for the companies whose securities are admitted to trading on a regular market, i.e. International Financial Reporting Standards (IFRS) which comprise:
  - a) Statement of financial position
  - b) Statement of profit or loss
  - c) Statement of comprehensive income
  - d) Statement of changes in shareholders' equity
  - e) Statement of cash flows
  - f) Policies and explanatory notes to the annual financial statements.

Also it had been used information resulting from internal controls implemented by the management of the company through specific procedures performed in order to draw up financial statements covering the occurrence of any error or fraud.

In preparing the separate financial statements as at 2015, the Company complied with Accounting Law no. 82/1991, republished, MoPFO no. 1286/2012 as subsequently amended, MoPFO no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided in art. 6 para. (2) of Regulation (EC) no. 1606 /2002 of the European Parliament and of the Council of 19 July 2002 on the application of international standards of accounting. The Company will issue for 2015 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Annual financial statements prepared in accordance with Financial Reporting Standards present fairly the assets, liabilities, equity, financial position, income and expenses and cash flows of the company.

In the process of drawing the 2015 financial statements of SC Romcarbon S.A. Buzau it had been fully applied the principles and accounting policies, the evaluation methods, and the provisions of accounting regulations.



**BOARD OF DIRECTORS' REPORT  
FOR THE PERIOD ENDED DECEMBER 31, 2015  
(all amounts are expressed in lei, unless specified otherwise)****THE ASSESMENT OF THE COMPANY ACTIVITY****1) The assessment of the technical level of the company**

SC Romcarbon S.A. Buzau activity profile is to manufacture polymer products, filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

In 2015, the production activity was carried out in 7 profit centers as follows:

- **Profit Center no. 1 – Car and industrial filters.** In this center are manufactured air, oil and fuel filters for cars, trucks and tractors, railway equipment and also industrial and agriculture filter;
- **Profit Center no. 2 with 2 workshops:**
  - Workshop of Protective equipment that produce personal protective respiratory equipment - masks and cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment;
  - Workshop of Active Carbon that manufactures charcoal - semi finished necessary for protective equipment, as well as coal used in the oil industry, food, chemical and pharmaceutical industries.
- **Profit Center no. 3** with Polyethylene workshop where are manufactured different sizes of polyethylene packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil and photopolymer clichés.
- **Profit Center no. 4 with two workshops:**
  - PVC pipes workshop is engaged in the production of PVC pipes as semi –finished products.
  - Recycled PVC bases for traffic signs' workshop
- **Profit Center no. 5** with expanded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where are manufactured casseroles and trays for food industry and products for constructions as plates and rolls.
- **Profit Center no. 6** with 2 workshops - Polypropylene - where are manufactured polypropylene products: laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food and chemical industry.
- **Profit center no. 7** with two activities:
  - Treating of plastic scraps by separating the recyclable fractions, grinding, extruding and filtering the separated fractions. The finished products are plastics regranulated products, compounds and composites plastic products.
  - Treating the postproduction Polyethylene foil scraps by washing, extruding and filtering/separating. The finished products are PE and PP regranulated products and compounds.

The company has 3 working points:

- Working point - Bucharest – Here the main activity is commercial operations and management;
- Working point - Stefanesti – The main activity is renting the assets for production purpose;
- Working point - Iasi - The main activity is renting the assets for production purpose.

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**The main groups of products and their share in the total turnover:**

<b>Group of products</b>	<b>2014</b>	<b>2015</b>
CP1~ Auto and industrial filters,	2.62%	2.60%
CP2~ Respiratory protective equipment and Active Carbon	1.70%	1.39%
CP3~ Polyethylene products	11.81%	10.49%
CP4~ PVC products	0.15%	0.14%
CP5~ Polystyrene products	16.54%	16.99%
CP6~ Polypropylene products	23.49%	21.93%
CP7~Compounds	5.10%	7.19%
<b>TOTAL</b>	<b>61.40%</b>	<b>60.73%</b>

The difference up to 100% represents the sales of merchandises, services, rents and other sales.

In 2015 the range of industrial filters was enlarged with 6 new items. Also 10 new air filters and 9 cabin filters entered in production. In 2015, 3 railway filters and one for military equipment were developed.

14 new recipes of compounds manufactured from recycled plastic were developed, one of these compounds was developed for Renault and its subcontractors.

The development activity was focused both on developing new products and new production technologies and on improving the existing technologies. An investment project in CP7 - Compounds and CP3- Polyethylene products was co-financed by EU. The eligible cost of this project was around 6.5 MEUR. The project was focused on:

- Technological upgrade of the Compound section by using new recycling technologies for scraps resulting from big-bags, PP bags, PE foil, PP and PE wrappings;
- Technological upgrade of PE section by enlarging the range of products resulted from PE regranulated and PE virgin granules.

The investment project consisted in acquisition and installation of the following equipment:

- Line for sorting, washing, grinding the scraps resulting from PP/PE products;
- Equipment for wastage water treatment and building arrangements;
- 2 regranulated lines;
- Laboratory equipment;
- 6 co-extruding lines and an automatic machine for manufacturing garbage bags;

## **2) The assessment of procurement activity (domestic and import)**

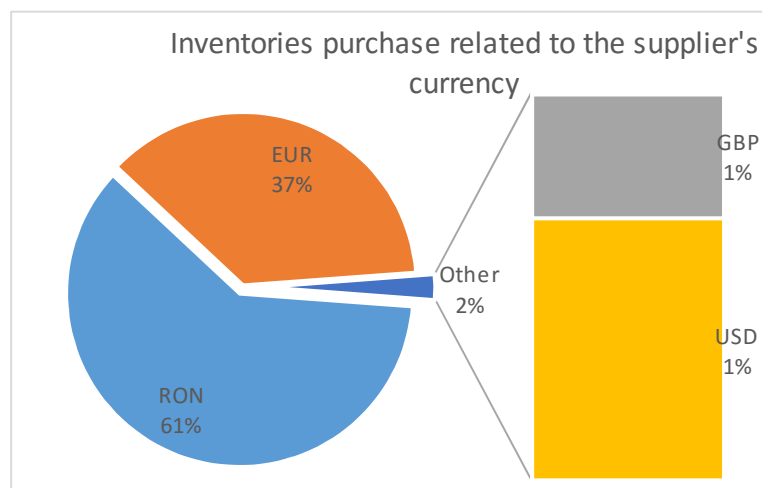
The raw materials and materials were purchased in 2015 in a share of 39% from the foreign markets and 61% from the domestic market.

The collaboration with these suppliers is based on the contracts signed with them or on supplying orders. The largest share (66%) in the total value of acquisitions of raw materials is represented by polymer granules (polypropylene, polyethylene, polystyrene), which are provided by companies with which we have developed strong partnerships over the years.

For other types of raw materials and materials, the suppliers' portfolio is divided into Romanian distributors of foreign manufacturers and foreign companies. For each type of raw material there is a supplier database and the company constantly compares at least three offers. In certain situations the company organizes internal open auctions for purchasing the materials required by the production activity.

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Related to the supplier's currency in 2015 the acquisitions of raw materials and materials had the following structure:



**3) The assessment of the selling activity**

The sales in 2015 amounted 176.702.913 lei, recording an increase of 11,88% as compared with 2014.

Net sales structure	2014		2015		2015 vs. 2014	
	Value	% in total	Value	% in total		
Sales of finished goods	98.515.325	62,38%	108.853.984	61,60%	▲	10,49%
Sales of intermediary goods	374.422	0,24%	170.908	0,10%	▼	-54,35%
Services rendered	80.677	0,05%	228.525	0,13%	▲	183,26%
Sale of goods purchased for resale	56.436.094	35,73%	64.883.624	36,72%	▲	14,97%
Revenues from sundry services	2.532.857	1,60%	2.565.872	1,45%	▲	1,30%
<b>Total, of which:</b>	<b>157.939.374</b>	<b>100,00%</b>	<b>176.702.913</b>	<b>100,00%</b>	<b>▲</b>	<b>11,88%</b>
Domestic Market	134.842.452	85,38%	147.601.902	83,53%	▲	9,46%
Export	23.096.922	14,62%	29.101.011	16,47%	▲	26,00%

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The evolution of turnover resulting from the sale of finished products is presented in the following table:

Group of products	2014		2015		2015 vs. 2014
	Sales	% in total	Sales	% in total	
CP1~ Auto and industrial filters	4.205.621	4,27%	4.655.408	4,28%	▲ 10,69%
CP2~ Respiratory protective equipment and active carbon	2.730.701	2,77%	2.492.717	2,29%	▼ -8,72%
CP3~ Polyethylene products	18.945.893	19,23%	18.800.848	17,27%	▼ -0,77%
CP4~ PVC products	236.542	0,24%	252.613	0,23%	▲ 6,79%
CP5~ Polystyrene products	26.536.242	26,94%	30.460.257	27,98%	▲ 14,79%
CP6~ Polypropylene products	37.683.735	38,25%	39.301.193	36,10%	▲ 4,29%
CP7~Compounds	8.176.591	8,30%	12.890.948	11,84%	▲ 57,66%
<b>TOTAL</b>	<b>98.515.325</b>	<b>100,00%</b>	<b>108.853.984</b>	<b>100,00%</b>	<b>▲ 10,49%</b>

#### 4) The assessment of the aspects related to the personnel of the company

The number of SC Romcarbon SA employees as at 31.12.2015 was 862, grouped according to the level of education as follows:

- higher education 115
- high school and post-secondary school 403
- technical school, school and occupational qualification 344

The relationships between managers and employees are relations of subordination according to the Company's organizational chart, job descriptions and individual labor contract. Each employee is directly subordinated to their superior. Superiors are responsible for the legality and validity of the instructions they issue, and the consequences of these instructions. There were no conflicts in the relations between managers and employees. Employees are not organized in a trade union.

#### 5) The assessment of the research and development activity

The research - development activity carried out by the Technical and Investment Department in collaboration with internal departments involved and with agreed service providers, includes the certification of products regulated in accordance with the national and European legislation. The research - development activity includes:

- Product certification according to the national and European regulations:

In 2015 the certifications of the following products were renewed:

- Protective mask with free aspiration of the clean air, code P200
- Filtering cartridge with two connection pipes for retaining the carbon monoxide, code P 2442
- re-certification of packaging manufactured from polypropylene, polyethylene and polystyrene in terms of compatibility with food, in accordance with regulations in force;
- obtaining annual health certificate required for expanded polystyrene packaging for export to non-EU countries;
- development of new products and technologies while developing existing ones;
- acquisition of the new equipment in order to increase the company productivity and the products quality;
- updating the technical documentation of the PSE and Compound products.

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The cost of research and development activity in 2015 was 607.159 lei, while for 2016 it was budgeted a cost of 650.755 lei.

**6) The assessment of the impact of the company's activity on the environment**

S.C. ROMCARBON S.A. holds the new environmental permit in accordance with the new NACE codes Classification of Activities of National Economy, Revised Edition, NACE Rev. 2 according to INS Order 337/2007, published in Official Gazette of Romania, Part I, no. 293 / 03.05.2007.

S.C. ROMCARBON S.A. complies with environmental protection legislation, not being involved in litigation regarding infringement legislation. The company periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

S.C. ROMCARBON S.A. has implemented and certified an integrated quality management system - environment - occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007, applicable to the design and manufacture of protective equipment airway - SRAC certificate.

SC ROMCARBON identifies all actual and potential environmental issues, positive and negative, including indirect aspects, generated by companies that are operating on the ROMCARBON's headquarter and affect environmental performance. Identification of environmental issues is based on systematic analysis of each process / sub-process (including their inputs and outputs) according to the procedure of system "PS 03 Environmental aspects" in situations of normal operation, abnormal (including starting and stopping) and emergency, accident.

In normal operating conditions, the company's activity does not cause significant environmental impacts. Following the identification and evaluation of environmental aspects were developed management programs to improve the environmental performance of the company.

**7) The assessment of the management system**

SC ROMCARBON Buzau holds certifies for management system assessment according to the following standards:

- Environmental management system fulfills the requirements SR EN ISO 14001: 2005, which management at the highest level is engaged in a policy of continuous improvement of environmental conditions and pollution prevention;
- The management of the organization's occupational health and safety OHSAS 18001: 2007, the company is engaged in a process of continuous improvement in the workplace health and safety conditions and prevention of accidents and occupational diseases throughout the organization.

No certification audits or supervision visits from qualified companies have registered non-conformities with the standards no observations; during these visits, only suggestions were made for improving the company's activity.

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**8) The assessment of the company's activity related to the risk management.**

Given the global financial and economic crisis, SC Romcarbon SA had to adapt to new conditions and constraints coming from the market facing with these risks:

Market risk

In 2015 the company recorded an increase of turnover with 11,88% as compared with 2014 reaching a total of 176.702.913 lei. Sales of finished products increased in 2015 by 10,49% as compared with 2014. The largest increase was accounted by CP7 - Compounds (+4.714.357 lei/+57,66%), CP5 – Polystyrene products(+3.924.015 lei/+14,79%) and CP6 – Polypropylene products (+1.617.459 lei/4,29%).

Products manufactured by Romcarbon used in food industry and agriculture represent approximately 82% of turnover resulting from the sale of finished products.

The Romcarbon main selling market is the domestic one, with a share in turnover resulting from the core activity (Income from sale of finished products) of 74% in 2015 (77% in 2014).

The clients portfolio for the company's production activity is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods SC Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2015 had a turnover represented 20% and 15% of total turnover. Also, the sales to Livingjumbo Industry SA in 2015 included the sales of finished products, rents and income from other activities, which accounted for 3% of turnover.

Exchange rate risk

Currency exposure of SC Romcarbon SA is generated mainly by the loans denominated in euro. As at 31.12.2015 the balance of this loan was EUR 17.144.561.

In 2015, the loss generated by the fluctuation of foreign currencies rate was 1.070.263 lei.

Cash flow in foreign currencies in 2015 has the following structure:

Item	EURO	USD	GBP
Proceeds from foreign clients	6.680.399,29	6.299,08	0,00
Proceeds from credits	9.966.660,63	0,00	0,00
Other proceeds	2.359,86	42,58	86,48
Payment to the foreign suppliers (raw materials and equipment)	-17.700.894,45	-1.180.295,15	-10.436,38
Payments of credits, interest, bank fees	-6.116.082,40	-2.370,96	0,00
Other currency payments	-514.969,10	0,00	-181,69
<b>Net cash flow</b>	<b>-7.682.526,16</b>	<b>-1.176.324,45</b>	<b>-10.531,59</b>

Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as the ratio between current assets and current debts) grew from 0,77 in 2014 to 0,82 in 2015.

Cash flow risk

SC Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during the year 2016.



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**9) Intern control of the company** - aims at ensuring a rigorous and effective management of the entity's activity through the management's adoption of 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 organized 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 Company's organization chart establishes the hierarchical levels of responsibility and authority existing and allows knowledge of functional and managerial aspects of the organization.

The Board of Administration is independent of management at the organization and its members are involved in management activities, which they supervise carefully. The Board of Administration delegates to the managers the responsibilities regarding internal control and makes systematic and independent assessments of the internal control system established by management.

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

Regular or permanent check and assessment according to the Program approved by the Company's 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.

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.

The organization's management has taken action *in order to remove or reduce incentives that could cause employees to engage 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 organization *faces various risks* arising from the external or the internal environment that must be managed appropriately by management. Risk identification and analysis is an ongoing process and a critical component of an effective internal control. Some of the *examples* are the company's inability to achieve the set objectives, staff quality, importance and complexity of basic economic processes, introduction of new information technologies, entry of new competitors on the market etc.

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

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

- a) The division of the administration of assets to avoid the risk of theft;
- b) The division of the authorization of the operations of assets administration;
- c) 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)

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

- d) achievement of the objectives of the organization
- e) preservation of the assets of the organization
- f) the accounting function.

For an efficient internal control, the same person cannot fulfill all such roles. If any two of such roles 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 presented roles; 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 internal accounting and financial control is a major element of internal control inside the entity and it relates to the entire processes 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:

- g) compliance of the accounting and financial information with the applicable rules;
- h) application of the management instructions according to this information;
- i) protection of the assets;
- j) prevention and detection of accounting and financial frauds and irregularities;
- k) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- l) 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.

**REVIEWING THE ECONOMIC AND FINANCIAL SITUATION OF THE COMPANY**

- **STATEMENT OF FINANCIAL POSITION**

The statement of financial position for the years 2014 and 2015 is shown in the following table .

Items	2014	2015	2015 vs. 2014	
Property, plant and equipment	113.254.098	147.831.285	34.577.187	▲ 30,53%
Investment property	46.317.533	43.799.325	-2.518.208	▼ -5,44%
Intangible assets	209.289	189.900	-19.388	▼ -9,26%
Financial assets	22.919.676	22.863.010	-56.666	▼ -0,25%
<b>Total non-current assets</b>	<b>182.700.596</b>	<b>214.683.520</b>	<b>31.982.924</b>	<b>▲ 17,51%</b>
Inventories	18.104.795	20.499.859	2.395.064	▲ 13,23%
Trade and other receivables	29.399.410	33.959.316	4.559.906	▲ 15,51%
Loans granted to related parties	635.099	0	-635.099	▼ -100,00%
Current tax assets	131.401	439.598	308.197	▲ 234,55%
Other assets	246.451	366.752	120.301	▲ 48,81%
Cash and bank balances	9.560.212	12.888.836	3.328.624	▲ 34,82%
<b>Total current assets</b>	<b>58.077.367</b>	<b>68.154.361</b>	<b>10.076.994</b>	<b>▲ 17,35%</b>
<b>Total assets</b>	<b>240.777.963</b>	<b>282.837.881</b>	<b>42.059.918</b>	<b>▲ 17,47%</b>



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Items	2014	2015	2015 vs. 2014		
Issued capital	26.412.210	26.412.210	0	—	0,00%
Share premium	2.182.283	2.182.283	0	—	0,00%
Reserves	49.418.796	53.375.509	3.956.713	▲	8,01%
Retained earnings	47.730.966	48.158.839	427.873	▲	0,90%
<b>Total Equity</b>	<b>125.744.256</b>	<b>130.128.841</b>	<b>4.384.586</b>	<b>▲</b>	<b>3,49%</b>
Borrowings LT	14.842.699	32.432.440	17.589.741	▲	118,51%
Long term finance leases and other interest bearing obligations	2.705.112	1.195.151	-1.509.961	▼	-55,82%
Deferred tax liabilities	11.041.869	11.142.757	100.888	▲	0,91%
Other non-current liabilities	0	0	0	—	n/a
Deferred income	11.052.206	24.475.344	13.423.138	▲	121,45%
<b>Total non-current liabilities</b>	<b>39.641.885</b>	<b>69.245.692</b>	<b>29.603.807</b>	<b>▲</b>	<b>74,68%</b>
Trade and other payables	28.900.849	30.928.649	2.027.801	▲	7,02%
Loans received from related parties	0	0	0	—	n/a
Borrowings ST	42.801.193	49.411.862	6.610.670	▲	15,45%
Short term finance leases and other interest bearing obligations	1.588.642	1.709.000	120.358	▲	7,58%
Deferred revenue	8.320	16.798	8.478	▲	101,89%
Other liabilities	2.092.819	1.397.039	-695.780	▼	-33,25%
<b>Total current liabilities</b>	<b>75.391.823</b>	<b>83.463.348</b>	<b>8.071.525</b>	<b>▲</b>	<b>10,71%</b>
<b>Total liabilities</b>	<b>115.033.708</b>	<b>152.709.040</b>	<b>37.675.332</b>	<b>▲</b>	<b>32,75%</b>
<b>Total equity and liabilities</b>	<b>240.777.963</b>	<b>282.837.881</b>	<b>42.059.918</b>	<b>▲</b>	<b>17,47%</b>

In 2015 non-current assets hold 75,90% of the company's assets, the structure of non-current assets is presented in the bellow table:

Non-current assets (NCA)	2015	% in total NCA	2015 vs. 2014
Property, plant and equipment	147.831.285	68,86%	30,53%
Investment property	43.799.325	20,40%	-5,44%
Intangible assets	189.900	0,09%	-9,26%
Financial assets	22.863.010	10,65%	-0,25%
<b>Total non-current assets</b>	<b>214.683.520</b>	<b>100,00%</b>	<b>17,51%</b>

Property, plant and equipment

The inputs of "Property, plant and equipment" during 2015 are presented in the table below:

Type	Value
Plants	831.866 lei
Equipment and Machineries	35.967.335 lei
Controlling device	330.900 lei
Vehicles	738.565 lei
Furniture	97.884 lei
<b>TOTAL</b>	<b>37.966.549 lei</b>

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During 2015 were purchased equipment and machineries in total amount of 29.988.347 lei according to the investment program co-financed by European Fund for Regional Development "Development of the company Romcarbon SA by purchasing new equipment".

The grant received was in amount of 14.605.372 lei, out of which the amount of 13.481.689 lei was cashed until the end of December 2015, and the difference of 1.123.683 lei was cashed in January 2016.

In the category of the investment property are comprised the assets (land and plants) held in order to obtain revenues by renting them to the interested parties.

The structure of the Investment Property is presented in the below table:

<b>Investment property</b>	<b>Land</b>	<b>Plants</b>	<b>Total</b>
Iasi	27.233.467	8.265.986	35.499.453
Buzau	2.026.350	1.869.306	3.895.656
Stefanesti	1.935.851	2.468.365	4.404.216
<b>Total</b>	<b>31.195.668</b>	<b>12.603.657</b>	<b>43.799.325</b>

At the end of 2015 the Company revalued the assets classified as Investment Property, resulting a negative difference of 2.502.393 lei recorded in the financial statements as at December 31, 2015.

Financial assets representing 10,65% of Non-current assets and 8,08% of Total Assets, registered in the reporting period a decrease of 56.666 lei.

In November 2014 S.C. ROMCARBON S.A reduced its participation in ECO PACK MANAGEMENT SA' s capital from 49,966% to 25,3597% trough not participating at the increasing of the company capital.

In December 2014 S.C. ROMCARBON S.A increased the participation in Yenki SRL's capital from 25% to 33,33% by purchasing a number of 2.374 shares paying for that the amount of 18.000 lei.

Starting with February 2015, SC Romcarbon SA has increased its participation quota in RC Energo Install SRL's share capital from 99,50 % to 100% by purchasing a share for which it paid the amount of 13.122 lei.

TOTAL COMMERCIAL MANAGEMENT SRL started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 02.04.2015 on the ground of art.227 lit.D and art.235 of Companies Law (31/1990). In June, the company was erased from Commerce Registry Office.

On 26.08.2015 SC Taipei Cimeo SRL started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 26.08.2015 on the ground of art.227 lit.D and art.235 of Companies Law (31/1990).

According to the credit contract concluded by Taipei Cimeo SRL with UniCredit Tiriac Bank SA, SC Romcarbon SA, as guarantor of Taipei Cimeo SRL, paid on 09 July 2015 the amount of 377.458 lei representing the outstanding loan of Taipei Cimeo SRL. On 24 August 2015 Taipei Cimeo SRL paid back to Romcarbon SA the amount of 56.800 lei.

On 27.04.2015 S.C POLYMASTERS CHEMICALS SA started the voluntary dissolution procedure according to the company' s shareholders meeting decision dated on 27.04.2015 on the ground of art. 227 letter D and art. 235 of Companies Law (31/1990). In August, the company paid to Romcarbon SA the amount of 64.314 lei representing the partial capital repayment. On 27.10.2015, the company was de-registered from the Trade Registry.

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As at 31.12.2015 are accounted impairment of financial assets as follows:

<b>Company</b>	<b>Interest quota</b>	<b>Adjustment</b>
ROMCARBON DEUTSCHLAND GmbH	100,00%	110.138
GREENSORT RECYCLING SRL	51,00%	738
YENKI SRL	33,34%	11.989
ECO PACK MANAGEMENT SA	25,36%	554.262
<b>Total</b>		<b>677.127</b>

**Current assets** hold 24,10% of total assets recording an increase of 10.076.994 lei, i.e.17,35 % as compared with the beginning of the year.

**Total Liabilities** hold 53,99% of the company's total liabilities recording an increase of 37.675.332 lei, i.e. 32,75% as compared with 2014.

**Current liabilities of the Company**, representing 54,66% of the Total Liabilities and 29,51% of Total Equity & Liabilities have increased with 8.071.525 lei as compared with 31.12.2014, i.e. 10,71%.

**Non-current Liabilities** representing 45,34% of the Total Liabilities and 24,48% of the company's Total equity and liabilities have registered in the reporting period an increase of 29.603.807 lei, i.e. 74,68%, as compared with 31.12.2014.

**Total Equity** holds 46,01% of total equity and liabilities and registered in the reporting period an increase of 4.384.586 lei, i.e. 3,49% as compared with 31.12.2014.

The capital of the company amounted to 26.412.209,60 lei is divided into 264.122.096 registered shares, dematerialized, with a nominal value of 0,10 lei per share.

As at 31.12.2015 the structure of the company shareholders is presented in the following table:

<b>Shareholder</b>	<b>No. of shares</b>	<b>% quota</b>
LIVING PLASTIC INDUSTRY S.R.L.	86,774,508	32,85%
UNITAI INTERNATIONAL CORPORATION	615,500	0,23%
JOYFUL RIVER LIMITED	54,195,089	20,52%
ROMANIAN INVESTMENT FUND	27,622,431	10,46%
STICHTING BEWAARDER OVERLEVINGSFONDS	13,206,106	5,00%
BRAICONF SA	10,000,000	3,79%
Other legal entities	21,843,341	8,27%
Individuals	49,865,121	18,88%
<b>Total</b>	<b>264,122,096</b>	<b>100,00%</b>

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- **Statement of profit and loss and comprehensive income statement' items**

<b>Income statement</b>	<b>2014</b>	<b>2015</b>		<b>2015 vs. 2014</b>	
Revenue	157.939.374	176.702.913	▲	18.763.539	12%
Investment income	39.546.850	8.342.326	▼	- 31.204.524	-79%
Other gains and losses	310.664	-2.604.404	▲	- 2.915.067	-938%
Changes in inventories of finished goods and work in progress	1.776.904	1.538.064	▼	- 238.840	-13%
Raw materials and consumables used	-123.301.848	-134.762.781	▲	- 11.460.932	9%
Depreciation and amortisation expenses	-8.589.905	-7.106.832	▼	1.483.073	-17%
Employee benefits expenses and social charges	-15.363.377	-18.755.367	▲	- 3.391.990	22%
Tax contributions related to employee benefits	-4.259.181	-4.419.970	▲	- 160.789	4%
Finance costs	-2.647.538	-2.114.646	▼	532.892	-20%
Other income	1.560.493	1.182.234	▼	- 378.259	-24%
Other expenses	-10.274.552	-11.508.736	▲	- 1.234.184	12%
<b>Profit (loss) before tax</b>	<b>36.697.883</b>	<b>6.492.801</b>	<b>▼</b>	<b>- 30.205.082</b>	<b>-82%</b>
Income tax expense	-484.646	-100.888	▼	383.758	-79%
<b>Profit (loss) of the year</b>	<b>36.213.237</b>	<b>6.391.913</b>	<b>▼</b>	<b>- 29.821.324</b>	<b>-82%</b>
Loss from tangible assets evaluation	0	0	—	-	
Deferred tax adjustment related to the re-evaluation reserves fiscal unallowable	0	0	—	-	
<b>Total comprehensive income</b>	<b>36.213.237</b>	<b>6.391.913</b>	<b>▼</b>	<b>- 29.821.324</b>	<b>-82%</b>

The item "Investment income" has the following structure:

<b>Indicator</b>	<b>2014</b>	<b>2015</b>
Rental and royalty income	2.513.884	2.532.570
Interest income	52.324	20.401
Investment income (dividends) - Total Commercial Management	14.885	0
Investment income (dividends) - Recyplat	35.478.880	4.698.776
Investment income (dividends) - Yenki	1.877	0
Investment income (dividends) - Infotech Solutions	0	100.579
Investment income (dividends) - LivingJumbo Industry	1.485.000	990.000
<b>Total</b>	<b>39.546.850</b>	<b>8.342.325</b>

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**Revenue**

Sales	2014		2015		2015 vs. 2014	
	Value	% in total	Value	% in total		
Sales of finished goods	98.515.325	61.40%	108.853.984	60,73%	▲	10,49%
Sales of intermediary goods	374.422	0.23%	170.908	0,10%	▼	-54,35%
Services rendered	80.677	0.05%	228.525	0,13%	▲	183,26%
Sale of goods purchased for resale	56.436.094	35.17%	64.883.624	36,20%	▲	14,97%
Revenues from sundry services	2.532.857	1.58%	2.565.872	1,43%	▲	1,30%
<b>Total, of which:</b>	<b>157.939.374</b>	<b>100.00%</b>	<b>176.702.913</b>	<b>100,00%</b>	<b>▲</b>	<b>11,88%</b>
Domestic Market	134.842.452	85.38%	147.601.902	83,53%	▲	9,46%
Export	23.096.922	14.62%	29.101.011	16,47%	▲	26,00%

- **Statement of cash flow**

Cash and cash equivalents at the end of 2015 have increased from 9.560.212 lei (31.12.2014) to 12.888.835 lei (31.12.2015)

- **Financial ratios**

In the reporting period the main financial indicators and ratios had the following evolution:

Item	2014	2015
Net profit	36.213.237	6.391.913
Profit tax expense(+)	484.646	100.888
Interests (expenses) (+)	2.323.401	1.806.009
<b>EBIT</b>	<b>39.021.284</b>	<b>8.298.810</b>
Depreciation (+)	7.411.536	7.106.832
Revenues from investment subsidies (-)	1.560.493	1.182.234
<b>EBITDA</b>	<b>44.872.327</b>	<b>14.223.409</b>

**1 Profitability**

	Ratio	Formula	2014	2015
a)	EBITDA to Turnover	$\frac{\text{EBITDA}}{\text{Turnover}} \times 100$	27,97%	7,94%
b)	EBITDA to Total Equity	$\frac{\text{EBITDA}}{\text{Total Equity}} \times 100$	35,69%	10,93%
c)	Gross profit ratio	$\frac{\text{Gross profit}}{\text{Turnover}} \times 100$	22,87%	3,62%
d)	Total equity ratio	$\frac{\text{Net profit}}{\text{Total Equity}} \times 100$	28,80%	4,91%

**2 Liquidity Analysis**

	Ratio	Formula	2014	2015
a)	Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.77	0.82
b)	Quick ratio	$\frac{\text{Current assets}-\text{Inventories}}{\text{Current liabilities}}$	0.53	0.57

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	Ratio	Formula	2014	2015
<b>3 Risk Analysis</b>				
	Ratio	Formula	2014	2015
a)	Non-current liabilities to Equity	$\frac{\text{Non-current liabilities}}{\text{Total Equity}}$	0.32	0.53
b)	Debt to asset ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	0.48	0.54
c)	Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expenses}}$	16.79	5.54
<b>4 Activity Analysis</b>				
	Ratio	Formula	2014	2015
a)	Account receivable turnover ratio (days)	$\frac{\text{Average receivable balance}}{\text{Turnover}} \times 360$	69	64
b)	Account payable turnover ratio (days)	$\frac{\text{Average payable balance}}{\text{Turnover}} \times 360$	63	60
<b>5 Profitability ratios</b>				
	Ratio	Formula	2014	2015
a)	Return on assets	$\frac{\text{Net profit}}{\text{Total Assets}} \times 100$	15,0401%	2,2599%
b)	Return on equity	$\frac{\text{Net profit}}{\text{Total Equity}} \times 100$	28,7991%	4,9120%
c)	Return on sales	$\frac{\text{Net profit}}{\text{Turnover}} \times 100$	22,5693%	3,5662%

*Note: Turnover includes "Net sales" from Profit or Loss, to which "Income from rentals" is added, which is generated by investment property.*

**SECURITIES MARKET ISSUED BY THE COMPANY**

Company shares are traded on the Bucharest Stock Exchange SA, Section Equities, Standard category.

In order to ensure transparency in the capital market and a permanent information both for shareholders and potential investors in the Extraordinary General Meeting of Shareholders dated 20.11.2007, the shareholders decided admission to trading of the company on BSE, Equities Section, Category II. At the hearing dated 11.03.2008, National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market administered by SC Bucharest Stock Exchange S. A. of the shares issued by SC ROMCARBON S.A.

The main characteristics of the securities issued by the company: 264.122.096 shares, dematerialized, with a nominal value of 0.1 lei.



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As at 31.12.2015 SC ROMCARBON SA holds shares in the following legal entities:

<b>Company</b>	<b>Investment cost</b>	<b>Participation quota (%)</b>
RECYPLAT LTD CIPRU	20.857.287	100,0000%
ROMCARBON DEUTSCHLAND GmbH	110.138	100,0000%
RC ENERGO INSTALL SRL	15.112	100,0000%
INFO TECH SOLUTIONS SRL	1.980	99,0000%
LIVINGJUMBO INDUSTRY SA	1.639.232	99,0000%
GREENSORT RECYCLING SRL	20.400	51,0000%
YENKI SRL	100.000	33,3354%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)	400	33,3333%
ECO PACK MANAGEMENT SA	586.625	25,3596%
KANG YANG BIOTECHNOLOGY CO.LTD	203.963	4,8097%
REGISTRUL MIORITA SA	5.000	3,7905%

**ASPECTS REGARDING CORPORATE GOVERNANCE**

*This chapter summarizes the Company's Corporate Governance main rules, structures, procedures and decision-making practices within the company, governance standards that ensure the general principles of management and effective control of the activities of the company according to the object of activity, for the benefit of shareholders and for increase investor confidence. The entire set of standards of corporate governance provides the structure through which the company objectives are set, the means of achieving them and to monitor the performance and aims to promote fairness, transparency and accountability in the society.*

The Company "ROMCARBON" SA. is a legal Romanian entity that operates as a joint stock company, in accordance with legal provisions in force. It operates in accordance with the Romanian laws and the company's Articles of incorporation.

The company was founded in 1952, originally under the name "Intreprinderea de mase plastice". The company is headquartered in Romania, Buzau, Transilvania Street no. 132, is organized as a joint stock company and is subject to Romanian law.

The main activity domain of the company is: 222 - Manufacture of plastic and the main activity, according to the encoding - 2221 Manufacture of plates, sheets, tubes and profiles in plastic.

In 2005, the company implemented a modern ERP system for enterprise resource planning (ERP - Enterprise Resource Planning), in order to optimize the decision process.

Investments made by the company targeted expansion of production activities by land acquisition, modernization and acquisition of equipment, expansion and introduction of new products in line with the regulations in force (including alignment with EU norms).

In the meeting of 11.03.2008, the National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market of BURSA DE VALORI BUCURESTI S.A. of the shares issued by ROMCARBON S.A.

Thus, starting from 30.05.2008 until 05.01.2015 the shares of ROMCARBON S.A. were traded on the regulated market of the Bucharest Stock Exchange, Equities Sector, Second category of Shares.

Starting with 05.01.2015 the shares of ROMCARBON S.A. are traded on the regulated market of the Bucharest Stock Exchange, Equity Sector, Standard category, according to the new market segmentation introduced by Bucharest Stock Exchange.

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(all amounts are expressed in lei, unless specified otherwise)**

Prior to the trading on the Bucharest Stock Exchange, the company was listed on Second category of the RASDAQ market.

The main features of the shares issued by ROMCARBON S.A. are:

- Number of shares – 264.122.096
- a) nominal value – 0,1 lei
- b) ISIN code: ROROCEACNOR1
  - symbol: ROCE

Although new on the Bucharest Stock Exchange regulated market, ROMCARBON S.A. has planned to implement both a policy oriented towards profit for shareholders and one of corporate responsibility and ethics, with significant impact on the environment and consequently the community.

In this respect, the management of ROMCARBON S.A. states that voluntarily adopts the Bucharest Stock Exchange Code of Corporate Governance, as adopted by the Board of Bucharest Stock Exchange in December 2007, as amended, with the sole purpose of its implementation in the company, by assuming its corporate governance policies.

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - [www.bvb.ro](http://www.bvb.ro).

Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website [www.romcarbon.com](http://www.romcarbon.com).

The regulations which we comply with in the preparation of this chapter of Corporate Governance: Law no. 31/1990 on companies, republished in 2004, as amended and supplemented, Law no. 297/2004 on the capital market, as amended and supplemented, the regulations issued by CNVM to regulate the capital market, accounting regulations, regulations on Audit, Law no. 82/1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2007, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".

## **II. STRUCTURE AND CORPORATE GOVERNANCE ASPECTS**

### **1. The General Meeting of Shareholders**

**The General Meeting of Shareholders (GMS)** includes all shareholders and meets in ordinary meetings (OGMS) and extraordinary meetings (EGM), each with competencies established by law.

The call, organization and conduct of works for GMS are in strict accordance with the law, ensuring materials presentation, recording the works and decisions taken.

### **2. Board of Directors**

Currently, the Company's management system is **one-tier**. ROMCARBON S.A. is administered by the Board of Directors consisting of 3 members, elected or appointed by the General Meeting of Shareholders in accordance with the law, by secret vote, for a term of four years, with the possibility of re-election.

Members of the Board of Directors ensure an effective capacity to monitor, analyze and evaluate the work of directors and fair treatment of shareholders. The election of members of the Board of Directors is done between the persons appointed by the shareholders. In appointing members of the Board of Directors, the General Meeting has sought a balanced structure according to the structure and activity of ROMCARBON S.A. as well as the personal experience and qualifications of board members.



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The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, convoked by its President or 2/3 of its members. It is chaired by the Chairman and in his absence, by the Deputy Chairman of the Board of Directors .

For the validity of the decisions it is required the presence of at least 2/3 of the members of the Board and decisions are taken by an absolute majority of the members present.

Decision-making process remains a collective responsibility of board members they are held jointly responsible for all decisions adopted in exercise of the powers.

At the date of this annual report, the Board of Directors of ROMCARBON S.A. consists of the following directors elected at the General Meeting dated 21.01.2016, for a term of four years, expiring on 04.02.2020: Mr. Hung Ching Ling –chairman of the Board, Mr. Simionescu Dan –deputy chairman an Mr. Wang Yi Hao –member.

The Board of Directors duties are stipulated in the Article of incorporation of ROMCARBON S.A., being in strict accordance with the law, ensuring the presentation of materials, recording of the works and the decisions taken.

Chairman of the Board, Board members, general manager, directors, respond individually or jointly, as appropriate, to the company for damages resulting from criminal offenses or violations of legal provisions for deviations from the article of association, as well as mistakes in administrating and management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders respectively the decision of the Board of Directors.

Compliance with the provisions of art. 138<sup>2</sup> of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide Corporate Governance Code, we mention that the administrators meet the condition of independence partly because only Mr. SIMIONESCU DAN and Mr. WANG YI -HAO are independent administrators.

In the company there is also an Audit Committee composed of the following directors: SIMIONESCU DAN and WANG, YI -HAO.

Regarding the existence of a Remuneration Committee, we specify that the company does not intend to establish such advisory committee, the competence for establishing and application of the remuneration policy in the company belongs exclusively to the General Meeting of Shareholders (pay/fee for the board members) or the Board of Directors ( remuneration of executive management staff respectively), within legal limitations conferred by the Act of incorporation and companies legislation referring to these bodies.

Currently, directors' remuneration is performed in accordance with the Articles of Association and the Decision of the Ordinary General Meeting of Shareholders of 27.04.2012.

In 2015, the Board of Directors met in 6 meetings, decisions being taken with the vote of the majority of those present and in accordance with the legal provisions regarding the convocation and quorum for conducting the meetings and legally adopt decisions.

**3. Executive management**

The executive management of ROMCARBON S.A. is provided by the following persons, whom have been delegated the powers for the management of the company:

Andrei Radu- Chief Executive Officer starting on 01.09.2013  
Titi Mihai - Technical Deputy General Manager starting on 01.06.2010  
Cretu Victor - Deputy Commercial General Manager starting on 01.09.2013  
Genes Alina - Development Manager starting on 01.04.2010  
Zainescu Viorica Ioana - Chief Financial Officer starting on 15.01.2010  
Nicoleta Damian - Human Resources Manager starting on 01.02.2006  
Daniela Stroescu - Production Manager starting on 01.06.2005  
Duracu Gheorghe - Quality Manager starting on 05.01.2004

**BOARD OF DIRECTORS' REPORT  
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The General Manager is appointed by the Board of Directors (in the case of Mr. Andrei Radu - Decision 10/ 30.08.2013).

In relations with third parties, the company is represented by the General Manager under the provisions of art. 143 para. 4 in conjunction with Art. 143<sup>2</sup> para. 4 of Law 31/1990.

Remuneration of directors of the company is in accordance with the articles of association.

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2015:

- a) Administrators – Director fee according to OGMS Decision of 27.04.2012 – 248.675 lei;
- b) Executive Management – 1.672.232 lei.

#### **4. Internal auditor**

The company organizes its internal audit in accordance with the legal provisions, which are also included in the company's constitutive act. Internal audit is provided to the company by "Stefanoiu Vasile - Financial Auditor Office".

The internal auditor attends meetings of the Board and General Meetings of Shareholders and notifies management irregularities, and if applicable, breaches of the legal provisions and of the provisions of the constitutive act.

The mission, powers and responsibilities of the internal audit are defined in an Internal Audit Charter approved by the Board of Administration of the Company; the Internal Audit Charter sets out the internal audit position in the company, determines how to access the company documents for the proper performance of audits, defines the scope of internal audit.

#### **5. Risk management**

Risk factors include general matters (emerging markets present a higher risk than countries with developed economies and mature political and legal systems), a potential political instability, risks arising from a temporary instability of the legislative, fluctuation of interest rate and inflation rate, and risks related to capital market and its liquidity.

SC ROMCARBON S.A. approaches risk prudently, in accordance with its long-term strategy. Prudent risk management becomes more important in the context of an extension of the economic and financial uncertainties and obvious market volatility. Strategic vision on risk management is determined by the Board of Administration and is applied through actions taken by the executive management of the company.

Control and risk management are ensured through a number of specific structures governed by the provisions of the capital market, the company's constitutive act, the collective labour contract and organizational structure of the company, as follows:

- financial auditor;
- internal auditor;
- configuration of the organisational and functional structure.

The financial statements of the company are, by law, audited by an external auditor (legal entity), member of the Chamber of Financial Auditors of Romania, appointed by the Ordinary General Meeting of Shareholders, which operates under a services supply contract approved by the Board of Administration of the company.

Currently, the external financial auditor of SC ROMCARBON S.A. is SC DELOITTE AUDIT SRL and was appointed based on GMS Decision from April 29, 2015 for a period of 1 year.

**BOARD OF DIRECTORS' REPORT  
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(all amounts are expressed in lei, unless specified otherwise)****CORPORATE RIGHTS OF SHAREHOLDERS**

The company' shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired right in the shareholder register kept by the company named in the contract, according to the law S.C. DEPOZITARUL CENTRAL S.A. The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of association in force at the date of acquisition.

SC ROMCARBON S.A. respects the rights of securities holders and ensures an equal treatment for all holders of securities of the same type and class, providing all relevant information so that they may exercise all rights. Securities holders must exercise the rights conferred by them in good faith, respecting the rights and legitimate interests of other shareholders and the priority interest of the company, otherwise being liable for damages. Each share subscribed and paid by shareholders gives them the right to one vote at the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of association of the Company and social asset to dissolve the company and other rights provided by law. All holders of shares issued by ROMCARBON S.A. are treated fairly. All issued shares confer equal rights to holders.

SC ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (AGA), the full realization of their rights, the dialogue between shareholders and members of the Board and / or management. At the General Meeting of Shareholders are entitled to attend and vote shareholders registered in the Register of Shareholders (issued by the Central Depository) at the reference date established/ approved by the Board of Directors.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on [www.romcarbon.com](http://www.romcarbon.com) a special section called Shareholders, accessible and constantly updated. This section is structured to contain all information necessary to securities holders: Board of directors' meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders. Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the relationship with shareholders and investors, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management.

Above mentioned reports are transmitted Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at [www.romcarbon.com](http://www.romcarbon.com)

ROMCARBON S.A. develops and disseminates relevant information periodic and continuous, in accordance with International Financial Reporting Standards (IFRS) and other reporting standards or environmental, social and leadership (ESG - Environment, Social and Governance).

In terms of managing conflict of interest in case of transactions with parties, corporate behavior of board members is: avoid any conflict of interest directly or indirectly with the company or any subsidiary controlled by it, by informing the Board of Directors on conflicts of interest occurred, in which case it will refrain from discussions and voting on such matters.

**SOCIAL RESPONSIBILITY**

The company's strategy in terms of social responsibility is based on a set of principles that define its relationship with partners - employees, creditors, suppliers, customers, investors (stakeholders).

The management team of ROMCARBON S.A. believes that development is not possible without the contribution of each employee and the company as a whole.

**ADMINISTRATOR'S REPORT  
FOR THE PERIOD ENDED DECEMBER 31, 2014  
(all amounts are expressed in LEI unless specified otherwise)**

The company aims, through an active policy of **CSR**:

\* **to support and respect the human rights of its employees in particular.** In this respect, the employees benefit from various specialized programs / professional training and a constant awareness of the evolution of the company (presentation by the representatives of the employees, ie. periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the implementation of labor protection and means of organizing it. (eg. periodic training, provision of personal protective equipment, working equipment, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, does not engage in trafficking and does not in any way encourage these ideas. The company has zero tolerance under any circumstances for corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment .

\* **to support freedom of association.** The Company respects the legal right of all staff to appoint representatives who negotiate on behalf and for them in regular negotiations collective bargaining agreement at company level. Employee representatives to ensure their protection of the law against all forms of conditioning, constraint or limitation of exercising their functions.

\* **Contribute to the elimination of discrimination in employment jobs, profession, and the wage determination.** Any direct or indirect discrimination against an employee based on sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, social origin, handicap, family status or responsibility, trade union membership or activity is prohibited in the Company.

\* **To combat any form of corruption.**

\* **To support educational activities.**

Also, in 2015 Romcarbon SA took part in the weekly program "Another kind of School "; thus, over 100 students, ages younger and older, visited the factory Romcarbon in week 6 - 10 April 2015.

\* **to support different social groups** (young deserving, sick or disabled people) by including donations and humanitarian assistance in extreme cases, to help people in need. The company is a founding member of **GREENLIFE ENVIRONMENTAL ASSOCIATION**.

The purpose of the **ASSOCIATION** is to represent, promote and support employers and professional interests of its members in relations with public authorities and other legal entities and individuals, to strengthen their authority and social prestige and act to modernize and develop the field of the protection environment in the international norms and standards. **THE ASSOCIATION** aims to promote the spirit of human solidarity by organizing and supporting humanitarian actions.

In ROMCARBON organization runs the program on support employees and relatives of 1<sup>st</sup> degree for serious diseases and merit scholarships for the children of employees

\* **to support sport activities in the city of Buzau, by financial aids**

In the local community in which it operates, the company takes an active role by supporting community initiatives through financial and human resources.

\* **Proactively address environmental issues and promote responsibility towards the environment.**  
**In this regard,** ROMCARBON S.A. aims to improve the quality of environmental factors and biodiversity conservation by promoting awareness of environmental issues and health issues. ROMCARBON S.A. complies with environmental protection legislation. The company is not involved in litigation regarding the infringement of the environmental legislation. It periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality management system certified by SRAC - environment-occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007



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ROMCARBON S.A. identifies all actual and potential environmental issues, including positive and negative aspects arising from indirect and companies that operate at the company and may affect environmental performance. Identification of environmental issues is based on systematic analysis of each process / sub-process (including their inputs and outputs) according to the procedure of system "PS 03 Environmental aspects" in situations of normal operation, abnormal (including starting and stopping) and emergency, accident.

In normal operating conditions, the company's activity does not cause significant environmental impacts. Following the identification and evaluation of environmental aspects were developed management programs to improve the environmental performance of the company.

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorship were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the **Environmental International Day** under the title "for a cleaner world!" / "We have only one Earth. Let's give it priority!", organized each year on 5<sup>th</sup> of June, together with the companies Greentech SA, Greenfiber International S.A. and Greenwee International S.A.

Partners of these events are constantly the Environmental Protection Agency in Buzau, Buzau Prefect's Office and Municipality of Buzau.

In fact, environmental protection is an absolute priority, because ROMCARBON S.A. supports, in a decisive way, the development in Buzau of "an industry" which proves more and more that the economy and the environment can survive together without compromise - "Green Industry".

Since 2012 in the Center for profit no. 7 - Compound is pursuing Waste plastics recycling by separating recyclable fractions and milling, extrusion, filtration, these separated fractions to obtain composite materials.

Starting from September 4<sup>th</sup> 2014, Romcarbon SA became a member of the Romanian Association of Sanitation, which became in the meantime the Romanian Association for Waste Management – A.R.M.D.; as final waste recycling body, Romcarbon supports the actions of this entity:

- Sustained promotion of its members' interests;
- Permanent involvement in the process of preparing the legislation in the waste management field in Romania;
- Dynamic involvement of the Association in the waste management in Romania, by studies and market researches;
- Initiation of contracts with the organizations in order to attract funds and grants, both for members and for sustainable development of the association's activities;

S.C. ROMCARBON S.A aims not only at *increasing the satisfaction of employees, commercial partners and own shareholders but also at increasing the efficiency of its activity and the level of professional competence of the human resources, including those available in the community.*

For 2016, the Company aims at consolidating its position on the markets where it operates, implementing the investment projects meant to ensure and offer clients a range of products and services as diverse and competitive as possible.

The main objectives in 2016 are the manufacturing of products and implementing new technologies that will ensure the growth of the company both on domestic and foreign markets in the next years.

For 2016, the company budgeted the following financial indicators:

- A total turnover of 213.373.743 lei (up by 19% as compared with 2015) of which the turnover related to the sales of finished products is budgeted at the level of 153.489.373 lei( 40% higher as compared with 2015);

**ADMINISTRATOR'S REPORT  
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(all amounts are expressed in LEI unless specified otherwise)**

- an exploitation profit in amount of 7.545.255 lei (up by 94% as compared with 2015) and a net profit in amount of 5.776.285 lei;

We appreciate that the management report presents the key aspects regarding the business development of the company and its financial position for the year ended 31 December 2015.

The main subsequent events are presented below:

On January 21, 2016, the Ordinary General Meeting of Shareholders which was attended by shareholders representing 72,6193% of the share capital, in accordance with the legal provisions and the constitutive act, further to the debates and deliberations on the matters included on the agenda, unanimously decided, by vote, to appoint Messrs Hung Ching Ling, Simionescu Dan and Wang Yi Hao as Administrators of S.C. ROMCARBON S.A., for a mandate of 4 years, starting from February 4, 2016.

On January 29, 2016, the Company received from the Managing Authority the last installment of the grant for the project generally entitled – “Development of S.C. ROMCARBON S.A. through the purchase of new equipment” under Sectoral 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”.

On January 22, 2016 the Company repaid the balance of lei 1.219.561 of the credit line for the funding of project “Development of Romcarbon SA” contracted from UniCredit Bank SA, namely for the funding of VAT related to such project.

On January 29, 2016 the balance of EUR 2.074.003 of the Bridge investment loan for the co-funding of project “Development of Romcarbon SA” contracted from UniCredit Bank SA was repaid.

**HUNG CHING LING,**  
Chairman of the Board

**VIORICA ZAINESCU,**  
Chief Financial Officer

**RADU ANDREI,**  
Chief Executive Officer