

ROMCARBON S.A. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

Report on the Consolidated Financial Statements

- 1 We have audited the accompanying consolidated financial statements of S.C. ROMCARBON S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit and loss, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

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

Opinion

- 6 In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of S.C. ROMCARBON S.A. and its subsidiaries ("the Group") as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU and with the explanatory notes described in the notes to the consolidated financial statements.

Other Matters

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

Report 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 administrators' report that is free from material misstatement, whether due to fraud or error.

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

In connection with our audit of the consolidated 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 consolidated 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 consolidated 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 Romanian Chamber of Financial Auditors under no. 1533/25.11.2003

On behalf of:

DELOITTE AUDIT S.R.L.

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

Bucharest, Romania
March 25, 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Note	Year ended December 31, 2015 <i>thousand LEI</i>	Year ended December 31, 2014 <i>thousand LEI</i>
Income	3	213,491	194,930
Other income		1,388	1,560
Investment income		1,850	7,018
Other gains or losses	5	(3,617)	534
Changes in finished products and production in progress		2,130	2,785
Raw materials and consumables used	4	(140,933)	(131,400)
Depreciation and amortization expense	6	(8,640)	(8,751)
Employee salaries and social security	7	(41,685)	(36,605)
Finance costs	8	(2,500)	(2,823)
Other expenses	9	(16,621)	(17,187)
Share of profit of associates	14	3,980	2,346
Profit before taxation		8,843	12,407
Income tax expense	10	(271)	(1,217)
Profit for the year from operations		8,572	11,190
Profit for the year		8,572	11,190
Attributable to:			
Owners of the parent		8,523	11,318
Non-controlling interests		49	(128)
From core operations:			
RON (cents per share)		0,03	0,01
Average number of shares		264,122	264,122

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on March 25, 2016.

PREPARED,

**HUNG CHING LING,
ADMINISTRATOR**

**VIORICA ZAINESCU,
CHIEF FINANCIAL OFFICER**

**RADU ANDREI,
CHIEF EXECUTIVE OFFICER**

For signatures, please refer to the original Romanian version.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Note</u>	<u>Year ended December 31, 2015</u> <i>thousand LEI</i>	<u>Year ended December 31, 2014</u> <i>thousand LEI</i>
Comprehensive income		
Other comprehensive income subsequently transferred to profit or loss		
Exchange differences on translating foreign operations	258	(356)
Other comprehensive income subsequently transferrable to profit or loss		
Exchange differences on translating foreign operations	(867)	(1,018)
Comprehensive income of the year		
Attributable to:		
Owners of the parent	(432)	(967)
Non-controlling interests	(177)	(409)
Total comprehensive income	7,963	9,816
Owners of the parent	8,091	10,351
Non-controlling interests	(128)	(537)

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on March 25, 2016.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	<u>Note</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	197,495	121,134
Investment property	32	43,799	46,317
Goodwill	12	143	143
Other intangible assets	13	435	570
Investment in associates	14	26,978	23,733
Financial assets	14	197	197
Total non-current assets		<u>269,047</u>	<u>192,094</u>
Current assets			
Inventories	15	28,049	23,466
Trade and other receivables	16	56,686	33,053
Other current assets	17	2,004	956
Cash and bank balances	31	17,014	-
Total current assets		<u>103,753</u>	<u>78,121</u>
Total assets		<u>372,800</u>	<u>270,215</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18	26,412	26,412
Share premiums		2,182	2,182
Reserves	19	43,248	44,137
Retained earnings	20	77,870	70,678
Equity attributable to owners of the parent		149,712	143,409
Non-controlling interest	21	1,400	1,765
Total equity		<u>151,112</u>	<u>145,174</u>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	<u>Note</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Non-current liabilities			
Long-term borrowings	22	54,538	14,843
Finance lease liabilities	22	1,275	2,705
Deferred tax liabilities	10	11,143	11,042
Other non-current liabilities with provisions		8	33
Deferred income	26	43,107	12,084
Total non-current liabilities		110,070	40,707
Current liabilities			
Trade and other liabilities	24	37,808	34,697
Short-term borrowings	22	69,203	44,070
Finance leases	22	1,719	1,678
Deferred income		24	467
Other current liabilities	23	2,864	3,422
Total current liabilities		111,619	84,334
Total liabilities		221,689	125,041
Total equity and liabilities		372,800	270,215

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ROMCARBON S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
Total January 1, 2015	26,412	2,182	45,185	-	(1,049)	70,678	143,409	1,765	145,174
Realized revaluation reserve	-	-	(462)	-	-	462	-	-	-
Disposal of interest in 3 companies	-	-	-	-	-	-	-	(366)	(366)
Minority interests from the acquisition of Next Eco	-	-	-	-	-	-	-	131	131
Exchange differences on translating foreign operations	-	-	-	-	(431)	-	(431)	(177)	(609)
Net profit of the year	-	-	-	-	-	8,523	8,523	49	8,572
Reclassifications	-	-	-	-	-	-	-	-	-
Corrections	-	-	5	-	-	214	219	0.8	218
Dividends distributed	-	-	-	-	-	(2,007)	(2,007)	-	(2,007)
Total December 31, 2015	26,412	2,182	44,728	-	(1,480)	77,870	149,712	1,400	151,113

The shareholders' decision of 29.04.2015 approved the distribution of RON 2,007 thousand from the 2014 profit to shareholders as dividends.

* The increase of minority interests is due to the acquisition in 2015 of Next Eco Recycling SA (Note 29).

** The decrease of minority interests is due to de-registration of the Trade Registry of Taipei Cimeo, Polymaster Chemicals, Total Commercial Management (Note 30).

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ROMCARBON S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

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

The decision of the shareholders of S.C.Romcarbon S.A. of 29.04.2014 approved the change of destination of the profit obtained in 2006, in amount of RON 1,004 thousand, from "Other reserves" to "Dividends" and to distribute it as dividends. In the same GMS meeting, it was approved to distribute the income obtained in 2013, to Retained earnings – RON 50 thousand, and Legal reserves – RON 3 thousand.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from operating activities:			
Gross profit for the year		8,843	12,407
Finance expenses recognized in profit		2,498	2,823
Gain / (Loss) on sale or disposal of fixed assets		59	(36)
Income from dividends		-	(5,080)
Loss on impairment of trade receivables		708	160
Loss on impairment of goodwill		834	-
Amortization / Depreciation of non-current assets		8,578	8,749
Net gain / loss on foreign exchange		507	114
Gain / Loss on investment		(640)	(123)
Gain / Loss on revaluation of investment property		2,502	(163)
(Gain) / Loss from short term investments		-	(62)
Gain on share of profit of associates		(3,980)	(2,346)
Increase / Decrease in provisions		(25)	(12)
Increases in deferred income		(1,387)	(1,560)
Movements in working capital			
(Increase) / Decrease in trade and other receivables		(37,757)	(1,809)
(Increase) / Decrease in inventories		(4,538)	(2,851)
(Increase) / Decrease in other assets		(458)	406
Increase / (Decrease) in trade and other payables		2,884	3,247
Increase / (Decrease) in other payables		31,409	1,011
Cash generated by/used in operating activities		10,040	14,875
Interest paid		(1,997)	(2,407)
Income tax paid		(621)	(774)
Bank commissions paid		(501)	(416)
Net cash generated by operating activities		6,920	11,278
Cash flows from investing activities			
Payments for property, plant and equipment		(85,376)	(5,837)
Payments for intangible assets		-	-
Proceeds from disposal of property, plant and equipment		-	43
Proceeds from subsidies		13,481	-
Proceeds from investments in associates		993	-
Acquisition of subsidiaries		(1,129)	-
Payments for investment property		-	(221)
Interest received		22	123
Dividends received		-	9,704
Net cash used in investing activities		(72,007)	3,812

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Note</u>	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from financing activities			
Repayment of borrowings		64,828	(6,882)
Lease payments		(1,430)	(1,086)
Dividends paid for non-controlling interest		(1,944)	(869)
Net cash generated by financing activities		61,453	(8,837)
Net decrease / (increase) in cash and cash equivalents		(3,632)	6,253
Cash and cash equivalents at the beginning of the year		20,646	14,393
Cash from subsidiaries acquired during the year		-	-
Cash and cash equivalents at the end of the year		17,014	20,646

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on March 25, 2016.

PREPARED,

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1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. As at December 31, 2015 the Parent's shares were traded on the BSE and its main shareholders as at December 31, 2015 were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, ROMANIAN INVESTMENT FUND (Romanian Opportunities Corporation Loc. Road Town VIR), STICHTING BEWAARDER OVERLEVINGSFONDS.

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

As at December 31, 2015 the Parent was holding directly or through other subsidiaries, participating interest in the following entities, thus forming Romcarbon Group:

RC ENERGO INSTALL S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 100%. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

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

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

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

In June 2015, TOTAL COMMERCIAL MANAGEMENT SRL, whose object of activity was Agents involved in the sale of a variety of goods (NACE code 4619) was de-registered from the Trade Registry.

In October 2015, POLYMASTER CHEMICALS S.A., whose object of activity was Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221) was de-registered from the Trade Registry.

In November, TAIPEI CIMEO SRL, whose object of activity was other human health activities (NACE code 8690) was de-registered from the Trade Registry.

In December 2015, the Group acquired NEXT ECO RECYCLING SA.

NEXT ECO RECYCLING SA is a company established in 2011, where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69.30% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299). In December 2015, the Group acquired such company.

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

1. GENERAL INFORMATION (continued)

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

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

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

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

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25.3597 % and 74.6224%, indirectly, through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

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

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

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

1. GENERAL INFORMATION (continued)

GREENFIBER INTERNATIONAL SA is a company established in 2004, where SC Romcarbon SA indirectly holds, through RECYPLAT LTD Cyprus and Romgreen Universal LTD, 16.96% of the shares, and the remaining shares are held by Romanian and foreign legal and natural persons. The company's main office is located in Buzău, Aleea Industriilor, no. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

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

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

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

GREENFIBRA HELLAS is a company established in 2008, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 10.17% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Greece, Kilki unit, Kilki city, Kilki Industrial Area. The company's main object of activity is Recycling of scraps and non-metallic waste. In 2009, Greenfiber International SA decreased its participation in the company's capital from 60% to 24%.

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

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

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

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

1. GENERAL INFORMATION (continued)

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

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

In October 2013, BIOPACK RECICLARE SRL was de-registered from the Trade Registry.

In November 2015, TOTAL ELECTRONIC WASTE MANAGEMENT SRL was de-registered from the Trade Registry.

1. GENERAL INFORMATION (continued)

Name	Place of establishment	Object of activity	Interest %	Control %	Cost as at 31.12.2015	Interest %	Control %	Cost as at 31.12.2014
LivingJumbo Industry S.A.	Romania	Manufacture of plastic packing goods	99%	99%	1,639,232	99.00%	99.00%	1,639,232
S.C. Greenweee International S.A.	Romania	Dismantling of wrecks for materials recovery	19.10%	19.10%	-	19.10%	19.10%	-
Greenfiber International S.A.	Romania	Manufacture of man-made fibres	16.96%	16.96%	-	16.96%	16.96%	-
Greenweee International Hungary KFT	Hungary	Management of used waste and treatment of other waste	19.10%	19.10%	-	19.10%	19.10%	-
Greentech DOO Serbia	Serbia	Recycling of non-metallic waste and scraps	15.26%	15.26%	-	15.26%	15.26%	-
Grinteh MK DOO Macedonia	Macedonia	Recycling of non-metallic waste and scraps	15.17%	15.17%	-	15.17%	15.17%	-
Grinfield LLC Ukraine	Ukraine	Wholesale trade	62.62%	62.62%	3,207,871	62.62%	62.62%	3,179,378
Grinnuh LLC Ukraine	Ukraine	Wholesale trade	62.62%	62.62%	4,426,809	62.62%	62.62%	4,426,809
Greenglass Recycling S.A.	Romania	Recovery of sorted materials	17.50%	17.50%	-	17.50%	17.50%	-
RC Energo Install S.R.L.	Romania	Plumbing, heat and air conditioning installation	100%	100%	15,112	99.50%	99.50%	1,990
Info Tech Solutions S.R.L.	Romania	Data processing, hosting and related activities	99.5%	99.5%	1,980	99.00%	99.00%	1,980
Total Electronic Waste Management S.R.L.	Romania	Collection of non-hazardous waste	-	-	-	19.40%	19.40%	-
Total Waste Management S.R.L.	Romania	Collection of non-hazardous waste	17.53%	17.53%	-	17.53%	17.53%	-
Greentech SA	Romania	Recovery of sorted materials	17.56%	17.56%	-	17.56%	17.56%	-
Greentech Recycling Deutschland GMBH	Germany	Trade with plastics and recycling of plastic waste	16.96%	16.96%	-	16.96%	16.96%	-
Yenki	Romania	Activities of sports facilities	33.34%	33.34%	100,000	33.34%	33.34%	100,000

1. GENERAL INFORMATION (continued)

	Place of establishment	Object of activity	Interest%	Control %	Cost as at 31.12.2015	Interest %	Control %	Cost as at 31.12.2014
Total Commercial Management S.R.L.	Romania	Business and other management consultancy activities	0%	0%	-	95.00%	95.00%	190
Greenfibra Hellas Asociatia Ecologica "Greenlife"	Greece Romania	Recycling of non-metal waste and scrap	10.17%	10.17%	-	10.17%	10.17%	-
						44.84%	44.84%	400
Recyclat LTD	Cyprus	Business and other management consultancy activities	100%	100%	20,857,287	100.00%	100.00%	20,857,287
Romgreen Universal Cipru	Cyprus	Business and other management consultancy activities	25%	25%	-	25.00%	25.00%	-
Greenlamp Reciclare SA	Romania	Treatment and disposal of hazardous waste	25%	25%	-	25.00%	25.00%	-
TAIPEI CIMEO SRL	Romania	Other human health activities	0%	0%	-	60.00%	60.00%	491,040
Eco Pack Management SA	Romania	Other business support service activities n.e.c.	99.24%	99.24%	2,619,254	25.36%	99.24%	2,619,254
Registrul Miorita SA	Romania	Activities related to shareholders' registry	4%	4%	5,000	4%	4%	5,000
Kang Yang Biotechnology Group	Taiwan	Manufacture of products beneficial for human health	5%	5%	203,963	5%	5%	203,963
Polymaster Chemicals SA	Romania	Manufacture of plastic plates, sheets, tubes and profiles	0%	0%	-	60.00%	60.00%	79,800
Greensort Recycling SRL	Romania	Recovery of sorted materials.	51%	51%	20,400	51.00%	51.00%	20,400
		Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste						
Romcarbon Deutschland GMBH	Germany	Other business support service activities n.e.c.	100%	100%	110,138	100.00%	100.00%	110,138
Next Eco Recycling SA	Romania	Other business support service activities n.e.c.	69.30%	69.30%	1,129,075	0%	0%	0

This is a free translation from the original Romanian version.

2. MAIN ACCOUNTING POLICIES

Statement of compliance

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

Bases of preparation

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

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

The main accounting policies are described below.

Bases of consolidation

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

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

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

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

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

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

At the date of authorization 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 Amortization - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 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 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 17 December 2014 (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),
- **IFRS 16 Leasing** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),

2. MAIN ACCOUNTING PRINCIPLES (continued)**Standards and interpretations issued by IASB, but not yet adopted by the EU (continued)**

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

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

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

Business combination

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

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

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

Interests in joint ventures

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

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

Goodwill

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

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

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

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

Income recognition

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

Sale of goods

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

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

Dividend and interest income

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

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

Lease

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

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

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

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

2. MAIN ACCOUNTING POLICIES (continued)**Foreign currency transactions**

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

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

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

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

Costs related to long-term borrowings

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

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

Government subsidies

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

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

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

Employee contributions

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

Taxation

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

Current tax

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

2. MAIN ACCOUNTING POLICIES (continued)**Taxation (continued)**Provisions for taxes and levies

As at December 31, 2015 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

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

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

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

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

The buildings' depreciation is charged to the income statement.

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

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

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

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

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

The following useful lives are used in the depreciation calculation:

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

Investment property

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

2. MAIN ACCOUNTING POLICIES (continued)**Intangible assets**Intangible assets acquired separately

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

The calculation of amortization uses the following useful lives:

Licences

1 – 5 years

Impairment of tangible and intangible assets, goodwill exclusively

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

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

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

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

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

Inventories

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

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

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

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

Warranties

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

Financial assets and liabilities

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

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

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

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

Financial assets available for sale (AFS)

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

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

2. MAIN ACCOUNTING POLICIES (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-impaired, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Group's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with payment incidents regarding receivables.

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

De-recognition of assets and liabilities

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

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

Use of estimates

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**
3. INCOME

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

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from sale of finished products	146,447	135,523
Income from sale of commodities	40,883	33,753
Income from services delivered	6,212	5,692
Other income (income from sale of semi-finished goods, residual goods, other income)	19,950	19,962
Total	213,491	194,930

Segment reporting	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales on domestic market (Romania)	146,306	132,115
Sales on foreign market (Europe)	67,073	62,764
Other (Israel, Taiwan)	112	51
Total	213,491	194,930

	Segment income		Segment profit	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Plastics	146,335	132,591	27,804	22,477
Compound recycled products	12,891	7,050	164	(360)
Other productive sectors	7,401	7,172	1,188	1,601
Other	46,864	48,117	469	3,022
Total from operations	213,491	194,930	29,625	26,710
Investment income	-	-	1,850	7,018
Other income	-	-	1,388	1,560
Administrative and salary expenses	-	-	(21,521)	(22,198)
Finance expenses	-	-	(2,499)	(2,823)
Profit before taxation	-	-	8,843	12,407

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**
3. INCOME (continued)

Investment Income	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Rental income	1,828	1,815
Dividends from related parties	-	5,080
Interest Income	22	113
Other income	-	10
Total	1,850	7,018

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

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

Other productive sectors include the following groups of products:

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

3. INCOME (continued)

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

	Asset segment		Liability segment	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Assets and liabilities				
Romcarbon, LivingJumbo	167,798	92,335	142,919	66,426
Romcarbon	90,759	64,424	46,109	19,007
Romcarbon	9,861	11,848	4,505	4,872
Romcarbon	104,383	101,607	28,156	34,735
Total assets/liabilities	372,800	270,214	221,689	125,040

	Depreciation segment		Segment of non-current assets additions *	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Depreciation and non-current assets additions				
Romcarbon, LivingJumbo	4,256	3,004	58,732	1,545
Romcarbon	2,699	2,682	21,863	1,081
Romcarbon	472	582	48	1,136
Romcarbon	1,212	2,483	842	652
Total	8,640	8,752	81,485	4,414

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2015

4. RAW MATERIALS AND CONSUMABLES USED

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	62,599	87,846
Commodities sold	6,828	6,222
Energy expenses	7,203	7,201
Goods sold	63,989	29,862
Packaging cost	315	269
	140,933	131,340

5. OTHER GAINS AND LOSSES

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from the sale of fixed assets	1	41
Other income	133	58
FOREX gains	4,697	3,650
FOREX losses	(6,125)	(3,717)
Income / (Expenses) from changes in fair value of investment property	(2,502)	163
Income / (Expenses) from assets disposed and capital operations	303	(52)
Client allowances	(427)	(273)
Compensations, fines and penalties	1,190	239
Net income from provisions	34	433
Other finance expenses	(87)	-
Other general expenses	(834)	(8)
Total	(3,617)	534

6. DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Amortization/depreciation	8,640	8,751
of which:		
Depreciation of property, plant and equipment	8,297	8,519
Amortization of intangible assets	343	232

7. EXPENSES WITH SALARIES AND SOCIAL LEVIES

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	32,006	27,673
Social contributions	7,811	7,800
Meal tickets	1,868	1,132
Total	41,685	36,605

This is a free translation from the original Romanian version.

8. FINANCE COSTS

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Total interest	1,997	2,407
of which:		
Interest	1,997	2,407
Bank commissions and assimilated charges	503	416
Total	2,500	2,823

9. OTHER EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	375	389
Expenses with rents	485	511
Expenses with insurance premiums	352	267
Research expenses	-	15
Other expenses with commissions	127	364
Protocol, advertising and publicity expenses	782	1,112
Transport	5,424	4,975
Expenses with travels	281	197
Expenses with postal charges and telecommunications	235	233
Expenses with third party services	7,546	7,392
Other taxes and levies	708	704
Losses on receivables and sundry debtors	25	319
Expenses with indemnifications, fines and penalties	33	3
Other expenses	248	706
Total	16,621	17,187

10. INCOME TAX

Income tax expenses

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income tax expenses comprise:		
Current income tax expense	170	745
Deferred tax income expense	101	472
Total expense (income) with income tax	271	1,217

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

10. INCOME TAX (continued)

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

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Profit before taxation	8,842	12,407
Tax calculated according to the 16% rate	1,415	1,985
Effect of non-taxable income	(1,141)	(1,865)
Sponsorship deductions	-	(22)
Exemption of reinvested profit	(1,283)	-
Tax loss from previous years	-	-
Effect of deferred tax	101	471
Effect of non-deductible expenses	1,179	647
Expense with income tax recognized in income statement	271	1,217
Components of deferred tax liabilities		
	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Property, plant and equipment	9,919	9,417
Investment property	1,519	1,920
Inventories	(124)	(124)
Trade and other receivables	(171)	(171)
Other	-	-
Recognized deferred income tax liabilities	11,143	11,042
of which: deferred tax on revaluation reserves from comprehensive income	-	-
	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Opening balance as at January 1	11,042	10,571
(Expense) / Income during the year		
- movement from revaluation reserves	100	-
- recognized in income statement	-	471
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	11,142	11,042

11. PROPERTY, PLANT AND EQUIPMENT

	Land thousand LEI	Constructions thousand LEI	Plant and equipment thousand LEI	Other fixtures, plant and furniture thousand LEI	Tangible assets in progress and advances thousand LEI	Total thousand LEI
COST						
Balance as at January 1, 2014	54,522	17,393	76,835	1,287	3,885	153,922
Additions, of which	-	362	4,007	45	5,882	10,296
Revaluation increases	-	-	-	-	-	-
Acquisitions	-	362	4,007	45	5,882	10,296
- Transfers	-	362	3,846	39	-	4,246
Disposals, of which	-	(1)	(442)	(12)	(5,621)	(6,077)
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	(4,052)	(4,052)
Balance as at December 31, 2014	54,522	17,754	80,405	1,315	4,146	158,141
Balance as at January 1, 2015	54,522	17,754	80,405	1,315	4,146	158,141
Additions, of which	-	2,092	79,304	97	83,688	165,183
- Transfers	-	1,189	78,464	-	-	79,572
Disposals, of which	-	22	86	0,8	80,440	80,550
- Transfers	-	-	-	-	79,752	79,572
Balance as at December 31, 2015	54,522	19,824	159,622	1,411	7,394	242,774

* Additions of fixed assets were in amount of LEI 85,611 thousand.

In 2015, production equipment was purchased under non-refundable financing under Sectorial Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007-2013 - co-funded by the European Regional Development Fund, Priority Axis 1, generically called - "Development of S.C. ROMCARBON S.A. through the purchase of new equipment" in amount of RON 29,989 thousand and under project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" in amount of RON 40,288 thousand.

* Disposals of fixed assets in amount of LEI 80,550 thousand in 2015 consist in: LEI 79,542 thousand representing transfers and LEI 978 thousand representing disposals during the year.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land thousand LEI	Buildings thousand LEI	Plant and equipment thousand LEI	Installations and furniture thousand LEI	Tangible assets in progress thousand LEI	Total thousand LEI
ACUMULATED DEPRECIATION						
Balance as at January 1, 2014	3	251	28,110	474	-	28,838
Depreciation charge	4	1,846	6,567	102	-	8,519
Disposals from sale of assets	-	(1)	(343)	(9)	-	(353)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	4	-	-	4
Balance as at December 31, 2014	7	2,096	34,337	567	-	37,007
Balance as at January 1, 2015	7	2,096	34,337	567	-	37,007
Depreciation charge	4	1,482	6,783	100	-	8,370
Disposals from sale of assets	-	(15)	(71)	(9)	-	(95)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2015	11	3,562	41,049	658	-	45,282
NET BOOK VALUE						
As at December 31, 2014	54,515	15,658	46,067	747	4,146	121,134
As at December 31, 2015	54,511	16,251	118,572	754	7,394	197,495

11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

The net book value of tangible assets under finance lease is LEI 8,001 thousand as at December 31, 2015 (LEI 8,403 thousand as at December 31, 2014).

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

Tangible assets having a net book value of LEI 126,063 thousand as at December 31, 2015 (December 31, 2014: LEI 124,746 thousand) represent security for loans and credit lines contracted from: BRD GSG, UniCredit Bank, EXIMBANK SA. Some of the commercial banks issued letters of guarantee for certain loans contracted in order to finance the activity. To issue such letters of guarantee, the company pledged fixed assets with a net book value of LEI 96 thousand as at December 31, 2015 (December 31, 2014: LEI 218 thousand).

Living Jumbo Industry S.A.

Tangible assets with a net book value of LEI 46,239 thousand as at December 31, 2015 (December 31, 2014: LEI 5,430 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

12. GOODWILL

COST	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance at the beginning of the year	143	143
Additions from acquisition of subsidiaries	834	-
Impairment of goodwill	(834)	-
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143	143

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

In December 30, 2015, the Group acquired NEXT ECO RECYCLING SA.

NEXT ECO RECYCLING SA is a company established in 2011, where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69.30% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299).

Further to the acquisition, goodwill was registered in amount of RON 834 thousand, for which an impairment was registered as at December 31, 2015.

13. OTHER INTANGIBLE ASSETS

COST	Licenses	Other intangible assets	Intangible assets in progress	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance as at January 1, 2014	308	914	-	1,222
Additions, of which	74	230	-	304
Transfers	-	-	-	-
Acquisitions	-	-	-	-
Disposals, of which	-	-	-	-
Decreases	(4)	-	-	(4)
Transfers	-	-	-	-
Balance as at December 31, 2014	378	1,144	-	1,522
Balance as at January 1, 2015	378	1,144	-	1,522
Additions, of which	76	115	-	191
Transfers	-	-	-	-
Acquisitions	-	-	-	-
Disposals, of which	-	-	-	-
Decreases	-	(46)	-	(46)
Transfers	-	-	-	-
Balance as at December 31, 2015	453	1,213	-	1,667
ACUMULATED AMORTIZATION				
Balance as at January 1, 2014	402	321	-	723
Expenses with amortization	-	232	-	232
Write-offs on disposal of assets	(3)	-	-	(3)
Transfer	(21)	21	-	-
Balance as at December 31, 2014	378	574	-	952
Balance as at January 1, 2015	378	574	-	952
Expenses with amortization	-	282	-	282
Write-offs on disposal of assets	-	(2)	-	(2)
Transfer	-	-	-	-
Balance as at December 31, 2015	378	854	-	1,232
NET BOOK VALUE				
As at December 31, 2014	-	570	-	570
As at December 31, 2015	75	359	-	435

14. OTHER FINANCIAL ASSETS

Details on the Group's associates are as follows:

Name of investment	Core activity	Place of establishment and operations	Ownership interest	
			2015	2014
Kang Yang Biotechnology Co. Ltd	Manufacture of products beneficial for human health	Taiwan	5%	5%
Romgreen Universal Ltd	Business and other management consultancy activities, core activity	Cyprus	25%	25%
"Greenlife" Ecological Association	Non-profit organization	Romania	33.33%	33.33%
Registrul Miorita SA	Insurance related to Shareholders' Registry	Romania	4%	4%
Yenki		Romania	33.34%	33.34%

Changes of investment regarding associates and financial assets:

	December 31, 2015	December 31, 2014
	'000 RON	'000 RON
As at January 1	23,930	26,558
Share of profit of associates (Romgreen)	3,980	2,346
Additions	-	-
Transfer to other comprehensive income	258	(356)
Dividends collected elimination	-	(4,624)
Reduction of Romgreen* share premiums	(1,001)	-
Others	8	6
Total	27,175	23,930

As of December 31, 2014, the group recorded an impairment in amount of LEI 12 thousands for the investment held in Yenki. The impairment was maintained as at December 31, 2015.

In 2015, the shareholders of Romgreen decided to decrease the share premiums by EUR 900 thousand. Recyplat holds 25% in Romgreen, which means that EUR 225 thousand was transferred to it, thus reducing the cost of the investment held by Recyplat in Romgreen.

15. INVENTORIES

	December 31, 2015	December 31, 2014
	thousand LEI	thousand LEI
Raw materials	15,125	13,331
Consumables	3,007	2,223
Items of inventory	174	101
Packaging	152	127
Finished products	3,686	2,687
Production in progress	1,912	3,957
Semi-finished products	4,336	1,405
Residual products	19	17
Commodities	443	423
Impairment allowances for inventories	(805)	(805)
Total	28,049	23,466

15. INVENTORIES (continued)

Inventories cost recognized in the income statement in 2015 amounted to LEI 140,933 thousand (in 2014 it amounted to LEI 131,400 thousand).

In 2015, the Group's average turnover was 43 days, as compared to 41 days in 2014.

16. TRADE AND OTHER RECEIVABLES

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade receivables	39,500	34,225
Allowances for doubtful clients	(2,498)	(2,096)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	409	567
Advances to services suppliers	329	262
Subsidies	18,923	-
Warranties withheld	14	76
Other receivables	10	19
Total	<u>56,686</u>	<u>33,053</u>

* In investment projects non-refundable financing co-funded by the European Regional Development Fund, Priority Axis 1, generically called - "Development of S.C. ROMCARBON S.A. through the purchase of new equipment" and "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment", the Group registered as at December 31, 2015 subsidies receivable in amount of RON 1,124 thousand, and RON 17,799 thousand.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Changes of allowance for doubtful clients		
Balance at the beginning of the year	<u>2,096</u>	<u>2,243</u>
Receivables transferred to expenses during the year	434	309
Decrease of allowance recognized in profit and loss	(33)	(456)
Balance at the end of the year	<u>2,498</u>	<u>2,096</u>

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

	Analysis of receivables past due beyond 60 days		Analysis of value adjustments by age	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
60 - 90 days	243	426	(381)	-
90 - 120 days	4	14	-	-
More than 120 days	2,995	3,490	(2,117)	(2,096)
Total	<u>3,242</u>	<u>3,930</u>	<u>(2,498)</u>	<u>(2,096)</u>

17. OTHER CURRENT ASSETS

	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Suppliers-debtors for services	-	-
Pre-paid amounts	296	198
Taxes recoverable	1,708	758
Total	2,004	956

18. ISSUED CAPITAL

	Share capital	
	Year ended December 31, 2015	Year ended December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
264,122,096 fully paid ordinary shares (2014: 264,122,096). The value of one share is RON 0.1	26,412	26,412
Total	26,412	26,412

	December 31, 2015		December 31, 2014	
	Number of shares	% ownership	Number of shares	% ownership
Living Plastic Industry S.R.L.	86,774,508	32,85%	86,774,508	32.85%
Joyful River Limited Loc. Nicosia CYP	54,195,089	20,52%	615,500	0.23%
Unitai International Corporation	615,500	0,23%	54,195,089	20.52%
Romanian Opportunities Fund loc. WINDWARD CYM	27,622,431	10,46%	37,622,431	14.24%
Palmer Capital Emerging Europe Equity (former Mei Roemenie en Bulgarije)	-	-	20,083,344	7.60%
HypoSwiss Lux Fund – Danube Tiger	-	-	4,294,004	1.63%
Other legal persons	21,843,341	8,27%	31,641,620	11.98%
Stichting Bewaarder Overlevingsfonds	13,206,106	5%	-	-
BRAICONF SA	10,000,000	3,79%	-	-
Other natural persons	49,865,121	18,88%	28,895,600	10.94%
Total	264,122,096	100,00%	264,122,096	100.00%

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

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

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

19. RESERVES

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>thousand LEI</u>	<u>thousand LEI</u>
Revaluation reserves	44,723	45,185
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	<u>(1,475)</u>	<u>(1,048)</u>
Total	<u>43,248</u>	<u>44,137</u>

20. RETAINED EARNINGS

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>thousand LEI</u>	<u>thousand LEI</u>
Balance at the beginning of the year	<u>70,678</u>	<u>59,541</u>
Net profit attributable to parent	8,522	11,318
Write-off of application of IAS 29 on capital accounts	-	-
Reclassification of revaluation reserve to retained earnings	462	758
Transfers from revaluation reserves	-	-
Write-off of transfer of revaluation reserve to reserve realized in 2011	-	-
Sales of subsidiaries	-	-
Dividends paid	(2,007)	(1,004)
Other	<u>214</u>	<u>65</u>
Balance at the end of the year	<u>77,869</u>	<u>70,678</u>

21. NON-CONTROLLING INTERESTS

	Year ended December 31, 2015	Year ended December 31, 2014
	<u>thousand LEI</u>	<u>thousand LEI</u>
Balance at the beginning of the year	<u>1,765</u>	<u>2,368</u>
Share of profit for the year	49	(128)
Share of other items of capital	(177)	(409)
Increases from acquisition of interests	130	-
Dividend distribution	-	-
Decreases in minority interests due to changes in the interest percentage	-	-
Dissolution of subsidiaries	(366)	-
Other	<u>-</u>	<u>(66)</u>
Balance at the end of the year	<u>1,400</u>	<u>1,765</u>

22. BORROWINGS

	Short-term		Long-term	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Secured borrowings – at amortized cost				
Overdraft and Investment loans	69,203	44,070	54,538	14,843
Lease liabilities	1,718	1,678	1,274	2,705
Total	70,921	45,748	55,812	17,548

Short-term bank loans	Entity	December 31, 2015	December 31, 2014
		<i>thousand LEI</i>	<i>thousand LEI</i>
		-	-
Credit line Euro - BRD	Romcarbon	9,742	11,173
Investment loan Euro - BRD	LivingJumbo Industry	-	335
Credit line Euro - BRD	LivingJumbo Industry	1,712	-
Investment loan in Euro - BRD [CCE project]	LivingJumbo Industry	-	494
Bridge loan in Euro - UniCredit Tiriac Bank SA - Project CCE 2015	LivingJumbo Industry	18,079	-
Credit line Euro - UniCredit Tiriac Bank SA	Romcarbon	14,137	15,463
Object loan in Euro - UniCredit Tiriac Bank SA	Romcarbon	10,213	9,099
Credit line Euro - Unicredit Tiriac Bank SA	Taipei Cimeo SRL	-	440
Credit line Euro - NBG London	Romcarbon	-	-
Investment loan in Euro- NBG Malta	Romcarbon	-	4,711
Bridge loan in Euro - UniCredit Tiriac Bank SA - CCE 2015 project	Romcarbon	9,384	-
VAT facility in Lei - UniCredit Tiriac Bank SA - CCE 2015 project	Romcarbon	1,220	-
Investment loan Euro-BRD II	Romcarbon	2,038	-
Investment loan Euro-BRD II	Romcarbon	47	-
Investment loan Euro-BRD I	Romcarbon	2,377	2,355
Investment loan in Lei - Eximbank SA		255	-
Total		69,203	44,070

22. BORROWINGS (continued)

Long-term bank loans	Entity	Year ended	Year ended
		December 31, 2015	December 31, 2014
		<i>thousand LEI</i>	<i>thousand LEI</i>
Investment loan in Euro Banca Romaneasca - NBG Malta	Romcarbon	-	9,029
Investment loan in Euro - BCR [CCE project]	Romcarbon	-	-
Investment loan in Euro Euro-BRD I	Romcarbon	2,774	5,103
Investment loan in Euro Euro-BRD II	Romcarbon	3,073	711
Investment loan in Euro Euro-BRD III	Romcarbon	10,360	-
Investment loan in Euro - UniCredit Tiriac Bank SA – CCE project	Romcarbon	13,426	-
Investment loan in Lei - Eximbank SA	Romcarbon	2,800	-
Investment loan in Euro - BRD	LivingJumbo Industry	1,210	-
Investment loan in Euro - UniCredit Tiriac	LivingJumbo Industry	871	-
Investment loan in Euro - UniCredit Tiriac Bank SA - CCE 2015 project	LivingJumbo Industry	20,025	-
Total		54,538	14,843

According to the existing loan contracts, the Group companies are subject to certain restrictive conditions. Such conditions require, inter alia, to maintain certain financial covenants including the DSCR ratio, total financial liabilities/ EBITDA, financial liabilities, current liquidity and net financial assets to equity.

As at December 31, such companies fulfilled all the covenants provided in the loan contracts, except for Total financial liabilities /EBITDA. In April 2015, a letter was sent to the bank mentioning that due to the 2015 investments, the Net financial liabilities /EBITDA covenant would not be complied with and requested a revision. In November 2015, the bank communicated that it would suspend the revision of the contractual financial covenants until the completion of the financial statements. The companies obtained as at the approval date of the separate financial statements a letter from the bank stipulating that the contractual provisions were not breached and it would not demand the early repayment of the loans made available.

As at December 31, 2015, the Group had more loans contracted from various banks, the most important of which are presented below.

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

- Outstanding amount as at December 31, 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;

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

- cadastral no. 59506 formerly, 18741 (having a total surface area of 64,256 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 59507 formerly, 18742 (having a total surface area of 70,231 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 64699, having a 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;

22. BORROWINGS (continued)

Romcarbon S.A. borrowings (continued)

b) credit line for the EUR 2,500,000 financing contracted from UniCredit Tiriac Bank in accordance with the loan contract for general expenses, resulting from the conversion of the credit line granted for financing the purchase of raw materials from suppliers (required to execute the contract with Kasakrom Chemicals SRL) (continued)

- cadastral no. 59506, formerly 18741 (having a total surface area of 64,256 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 59507, formerly 18742 (having a total surface area of 70,231 sq m) located on the ring road Simileasca (DN2), Buzău;
 - cadastral no. 64699, having a 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;

22. BORROWINGS (continued)

Romcarbon S.A. borrowings (continued)**c) Credit line contracted from BRD GSG in amount of EUR 2,550,000 (continued)**

- 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.

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: March 31, 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: March 31, 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: March 1, 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.

This is a free translation from the original Romanian version.

22. BORROWINGS (continued)**Romcarbon S.A. borrowings (continued)*****b) Investment loan II in amount of EUR 1,000,000 (partly drawn) contracted from BRD GSG.***

- Outstanding amount as at December 31, 2015: lei 3,120,175 (equivalent of EUR 689,618)
- Due on: September 3, 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).

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: February 3, 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 used.

- Outstanding amount as at December 31, 2015: lei 3,054,173
- Due on: June 20, 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".

22. BORROWINGS (continued)

Romcarbon S.A. borrowings (continued)**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: December 4, 2023
- Securities:

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.

LivingJumbo Industry S.A.**a) Credit line contracted from BRD GSG within the limit of EUR 1,500,000**

- Outstanding amount as at December 31, 2015: lei 1,712,195 (equivalent of EUR 378,427)
- Due on: September 30, 2016
- Securities:

1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of EUR 463,600;
2. Mortgage over the credit balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch;
3. Assignment of amounts received based on the commercial contracts concluded with clients in amount of minimum EUR 3,936,299 in 2015 and EUR 4,461,299 in 2016.

b) Long-term loan contracted from BRD GSG at an initial value of EUR 645,000 (partly contracted)

- Outstanding amount as at December 31, 2015: LEI 1,210,108 (equivalent of EUR 267,457)
- Due on: July 7, 2022
- Securities:

1. Mortgage without dispossession over the machinery forming the object of the investment;
2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch.

c) Long-term loan contracted from UniCredit Bank SA at an initial value of EUR 607,200 (partly contracted)

- Outstanding amount as at December 31, 2015: Lei 870,959 (equivalent of EUR 192,498)
- Due on: February 15, 2024
- Securities:

1. Mortgage of subsequent rank over the real estate held by SC Romcarbon SA located in Buzau, Simileasca ring road (cadastral no. 59507 Land Registry no 59507 (former Land Registry no. 35485, former cadastral no. 18742), cadastral no. 59506 Land Registry no 59506 (former Land Registry no 35484, former cadastral no. 18741), cadastral no. 59505 Land Registry no 59505 (former Land Registry no 35483, former cadastral no. 18740));

22. BORROWINGS (continued)

LivingJumbo Industry S.A. (continued)

2. Mortgage of subsequent rank over the real estate held by S.C YENKI S.R.L located in Buzău municipality, Șoseaua Nordului - DN2, Buzău county, consisting of building C1 – industrial and urban building, erected in 2010 based on construction permit no. 137/06.08.2010 issued by the Buzău City Hall, in surface area according to measurements of 85 sq m, registered in Land Registry under no. 59505-C1 of the Buzău locality, bearing cadastral/topographical no. 59505-C1, located on the land owned by ROMCARBON S.A. (which established a right of superficies in favour of YENKI SRL) and over the related right of superficies and over all future buildings, improvements, annexes and all further improvements of the real estate, present or future rents or leases produced by the real estate and payments made under the guarantee/insurance contracts of any kind related to and in connection with the payment of such rents or leases.
 3. Mortgage over the accounts and sub-accounts opened in LEI and foreign currency with UniCredit Tiriac Bank SA;
 4. Guarantor: SC Romcarbon SA and S.C YENKI S.R.L.
- d) **Long-term loan contracted from UniCredit Bank SA to co-fund investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" at an initial value of EUR 4,723,205 (partly contracted)**
- Outstanding amount as at December 31, 2015: Lei 20,024,623 (equivalent of EUR 4,425,820)
 - Due on: February 25, 2024
 - Securities:
1. The machinery funded, the estimated value, without VAT, EUR 8,867,855; the assignment of the insurance policy of the machinery purchased out of the loan to UniCredit Tiriac Bank SA, which will be the sole beneficiary of the policy;
 2. Mortgage over the accounts and sub-accounts opened in LEI or foreign currency with UniCredit Tiriac Bank SA;
- e) **Investment bridge loan to co-fund project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" contracted from UniCredit Bank SA in amount of EUR 3,999,850 (partly contracted):**
- Outstanding amount as at December 31, 2015: Lei 18,079,428 (equivalent of EUR 3,995,859)
 - Due on: March 31, 2016
 - Securities:
1. The machinery funded, the estimated value, without VAT, EUR 8,867,855; the assignment of the insurance policy of the machinery purchased out of the loan to UniCredit Tiriac Bank SA, which will be the sole beneficiary of the policy;
 2. Mortgage over the accounts and sub-accounts opened in LEI and foreign currency with UniCredit Tiriac Bank SA.

23. OTHER CURRENT LIABILITIES

	Current	
	December 31, 2015	December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Liabilities to employees	1,128	1,011
Liabilities related social contributions	1,057	948
VAT payable	252	1,068
Income tax	-	30
Tax on salaries	421	362
Other taxes payable	6	3
Other non-trade liabilities	-	-
Interest payable	-	-
Total	2,864	3,422

24. TRADE AND OTHER LIABILITIES

	December 31, 2015	December 31, 2014
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	32,262	31,750
Suppliers invoices not received	1,021	677
Advances to clients	1,438	106
Sundry creditors (a)	3,086	2,163
Total	37,808	34,697

(a) Sundry debtors include LEI 385 thousand, which represents borrowings from natural and legal person shareholders, most of which to be repaid in 2016 (see note 27).

25. FINANCE LEASE OBLIGATIONS**Lease contracts**

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

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Present value of finance lease payments				
Amounts due within one year	1,796	1,756	1,718	1,678
More than one year, but less than 5 years	1,405	2,980	1,275	2,705
Total lease liabilities	3,201	4,736	2,993	4,383
Less future finance expenses	(208)	(353)	-	-
Present value of finance lease payments	2,993	4,383	-	-
Included in the financial statements as:				
Short-term borrowings	1,718	1,678	-	-
Long-term borrowings	1,275	2,705	-	-

26. OTHER LONG-TERM LIABILITIES

As at December 31, 2015, investment subsidies received by the Group amounted to LEI 43,107 thousand, as follows:

- Romcarbon SA – LEI 24,476 thousand, of which Lei 9,803 thousand for the project “Modernization of the undertaking by purchasing new technologies in production, reshaping, rehabilitation and extension of existing shop floor” not transferred to income and Lei 14,605 thousand related to project “Development of S.C. ROMCARBON S.A. through the purchase of new equipment”.
- LivingJumbo Industry SA - Lei 18,631 thousand, of which Lei 17,799 thousand related to investment project “Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment” and Lei 832 thousand related to the investment project co-funded from European funds implemented in 2011.

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

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

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

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

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

(b) Main accounting policies

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

(c) Objectives of financial risk management

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

(d) Market risk

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

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

(e) Currency risk management

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

(f) Interest rate risk management

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

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

(g) Other risks regarding prices

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

27. 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 Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

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

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

(i) Liquidity risk management

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

(j) Fair value of financial instruments

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

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

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

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

27. FINANCIAL INSTRUMENTS (continued)

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

2015	EUR	USD	Leu	31-Dec-2015 Total
	1 EUR= LEI	1 USD= LEI	1 LEI	
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Cash and cash equivalents	3,358	61	13,594	17,014
Receivables and other current assets	8,212	86	48,388	56,686
Other current assets	-	-	2,004	2,004
LIABILITIES				
Trade and other liabilities	12,188	44	25,575	37,808
Other current liabilities	-	-	2,846	2,864
Short and long-term borrowings	77,571	-	46,171	123,741
Short and long-term finance lease liabilities	2,904	-	89	2,993
2014				
	EUR	USD	Leu	31-Dec-2014 Total
	1 EUR= LEI	1 USD= LEI	1 LEI	
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
Cash and cash equivalents	7,250	13,356	40	20,646
Receivables and other current assets	30,568	3,421	20	34,009
LIABILITIES				
Trade and other liabilities	27,594	9,963	561	38,119
Short and long-term borrowings	440	58,473	-	58,913
Short and long-term finance lease liabilities	89	4,294	-	4,383

27. FINANCIAL INSTRUMENTS (continued)

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

	December 31, 2015	December 31, 2014
	<u>thousand LEI</u>	<u>thousand LEI</u>
Loss	(12.673)	(4,676)

Tables regarding liquidity and interest rate risks

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

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

2015	Less than 1 year	1-2 years	2-5 years	Total
	<u>thousand LEI</u>	<u>thousand LEI</u>	<u>thousand LEI</u>	<u>thousand LEI</u>
Non-interest bearing				
Trade liabilities and other current liabilities	-	-	-	-
	40,672	-	-	40,672
Interest bearing instruments				
Short and long-term borrowings	69,203	10,268	44,270	123,742
Short and long-term leases	1,720	1,102	171	2,993
Non-interest bearing				
Cash and cash equivalents	17,014	-	-	17,014
Receivables and other current assets	-	-	-	-
2014	Less than 1 year	1-2 years	2-5 years	Total
	<u>thousand LEI</u>	<u>thousand LEI</u>	<u>thousand LEI</u>	<u>thousand LEI</u>
Non-interest bearing				
Trade and other current liabilities	38,119	-	-	38,119
Interest bearing instruments				
Short and long-term borrowings	44,070	2,355	12,488	58,913
Short and long-term leases	1,678	1,473	1,232	4,383
Non-interest bearing				
Cash and cash equivalents	20,646	-	-	20,646
Receivables and other current assets	34,009	-	-	34,009

27. FINANCIAL INSTRUMENTS (continued)

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

<u>Company</u>	<u>Counterparty</u>	<u>Turnover 2015</u>	<u>Value of receivable as at 31.12.2015</u>	<u>Credit limit</u>	<u>Credit in days</u>
ROMCARBON	KASAKROM CHEMICALS SRL	36.393	10.703	NO	max 105
ROMCARBON	DEDEMAN SRL BACAU	4.221	1.013	NO	90
ROMCARBON	PH BRATPOL JERZY BRATKOWSKI POLAND - EUR	3.187	531	NO	60
ROMCARBON	COMANDOR IMPEX SRL FOCSANI	3.047	222	NO	30
ROMCARBON	ARPA SA LOGISTICS GRECIA	3.037	92	NO	30
LIVINGJUMBO INDUSTRY	BAOBAG	11.513	3.038	NO	60
LIVINGJUMBO INDUSTRY	EXPERGO BUSINESS NETWORK SRL	7.149	1.048	NO	60
LIVINGJUMBO INDUSTRY	SIGMA BAGS	6.204	1.046	NO	45
LIVINGJUMBO INDUSTRY	THRACE-IPOMA SA	4.291	299	NO	30
LIVINGJUMBO INDUSTRY	POLIMERO	3.645	277	NO	45

28. RELATED PARTY TRANSACTIONS

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

Indemnities granted to top management

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Management salaries	2,694	2,628
Benefits for Board of Administration	597	601
Total	3,291	3,229

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Shareholder borrowings		
WU HUI TZU (Living Jumbo Industry SA)	18	18
WINPACK INDUSTRY (Eco Pack Management SRL)	365	365
(Greensort Recycling SRL)	2	2
Total	385	385

28. RELATED PARTY TRANSACTIONS (continued)

Related party transactions

(all amounts are expressed in thousand LEI)

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related parties	
	12 months 2015	12 months 2014	12 months 2015	12 months 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Greenfiber International Sa	2,677	3,198	198	162	479	488	52	37
Grinteh D.O.O. Macedonia	-	-	-	-	-	-	-	-
GREENTEH DOO SERBIA	-	-	4	-	-	-	-	-
Greenglass Recycling SA	86	7	155	259	1	-	-	125
Greentech sa	3,067	2,498	1,575	1,056	725	501	108	201
Total Waste Management	957	544	707	268	132	14	205	201
Greenweee International SA	450	599	1,545	1,296	104	94	220	179
Greenlamp reciclare SA	9	20	-	-	3	1	-	-
TOTAL	7,246	6,866	4,184	3,041	1,444	1,099	585	743

29. ACQUISITION OF SUBSIDIARIES

In 2015, the Group acquired a new subsidiary, NEXT ECO RECYCLING SA.

In December 2015, the Group acquired NEXT ECO RECYCLING SRL.

NEXT ECO RECYCLING SA is a company established in 2011, where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69.30% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299). The Group acquired this company in December 2015. For the acquisition of this company, the Group paid Lei 129 thousand in January 2016.

Assets and liabilities recognized as at the acquisition date

	<u>December 31, 2015 thousand LEI</u>
Current assets	
Items of inventory	46
Other receivables	3
Trade receivables	66
Petty cash and bank accounts	37
Non-current assets	
Buildings	299
Current liabilities	
Suppliers and similar liabilities	23
Other liabilities	2

Further to the acquisition, goodwill was registered in amount of RON 834 thousand, for which an impairment was registered as at December 31, 2015.

Minority interest following the acquisition is Lei 131 thousand.

30. DISPOSAL OF SUBSIDIARIES

In June 2015, TOTAL COMMERCIAL MANAGEMENT SRL, whose object of activity was Agents involved in the sale of a variety of goods (NACE code 4619) was de-registered from the Trade Registry.

In October 2015, POLYMASTER CHEMICALS S.A., whose object of activity was Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221) was de-registered from the Trade Registry.

In November, TAIPEI CIMEO SRL, whose object of activity was Other human health activities (NACE code 8690) was de-registered from the Trade Registry.

30. DISPOSAL OF SUBSIDIARIES (continued)

Analysis of assets and liabilities for which control was lost:

	<u>December 31, 2015 thousand LEI</u>
Current assets	
Merchandise	60
Trade receivables	71
Petty cash and bank accounts	177
Non-current assets	
Intangible assets	52
Current liabilities	
Suppliers and similar liabilities	40
Other liabilities	117
Short-term loans	380
Cash from the exit of companies from the group	
	<u>December 31, 2015 LEI</u>
Money received	-
Petty cash and bank accounts of companies that left the group	<u>(177.207)</u>
TOTAL	<u>(177.207)</u>

After the companies mentioned above left the group, the minority interests decreased by Lei 366 thousand. Also, the companies' exit generated profit of Lei 618 thousand.

30. CASH ON HAND AND AT BANKS

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

	<u>31/12/2015</u> <i>thousand LEI</i>	<u>31/12/2014</u> <i>thousand LEI</i>
Cash at banks	16,977	20,600
Cash on hand	30	46
Cash equivalents	7	-
Total	<u>17,014</u>	<u>20,646</u>

31. INVESTMENT PROPERTY

Investment property	<u>31/12/2015</u> <i>thousand LEI</i>	<u>31/12/2014</u> <i>thousand LEI</i>
Land	31,196	34,059
Buildings	12,603	12,258
Total investment property	<u>43,799</u>	<u>46,317</u>

The Parent holds non-current fixed assets (land and buildings) located in Iași, Ștefănești and Buzău in amount of LEI 43,799 thousand.

The Group does not intend to use the assets in Iași in its core activity, they will be held for future capitalization. In consideration of such fact, the property, plant and equipment in Iași were reclassified to investment property as at December 31, 2014 and December 31, 2015 based on IAS 40 "Investment property".

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

As at December 31, 2015, the Company valued investment property and the result of the valuation, in amount of Lei 2,502 thousand, was registered to profit or loss.

If the Company had valued the investments at cost, their value as at December 31, 2015 would have been Lei 43,305 thousand.

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

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

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

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

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

Environmental matters

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

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

On January 21, 2016 the Ordinary General Meeting of Shareholders was held, which was attended /represented by the shareholders representing 72.6193% of the share capital and which in accordance with the provisions of the law and the constitutive act, further to the debated and deliberations regarding the topics on the agenda, by vote, unanimously decided 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 related to the project generically called – "Development of S.C. ROMCARBON S.A. through the purchase of new equipment" under Sectorial Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007-2013 - co-funded by the European Regional Development Fund, Priority Axis 1 - An innovative and eco-efficient productive system, Major Field of Intervention DM1.1 - Productive investment and preparation of enterprises for the market competition, in particular SME's, Operation "Support to consolidate and modernize the productive sector through tangible and intangible investment".

On January 22, 2016 the Company repaid the outstanding 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 VAT funding in this project.

On January 29, 2016, the Company reimbursed the outstanding EUR 2,074,003 of the investment bridge loan for the co-financing of project "Development of Romcarbon SA" contracted from UniCredit Bank SA.

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on March 25, 2016.

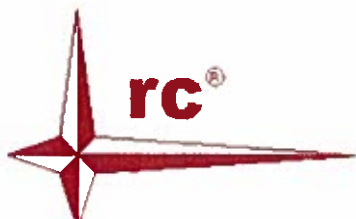
PREPARED,

**HUNG CHING LING,
ADMINISTRATOR**

**VIORICA ZAINESCU,
CHIEF FINANCIAL OFFICER**

**RADU ANDREI,
CHIEF EXECUTIVE OFFICER**

For signatures, please refer to the original Romanian version.



S.C. ROMCARBON S.A.

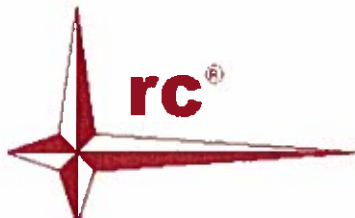


ADMINISTRATORS' CONSOLIDATED REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

ACTIVITY OF THE GROUP OF COMPANIES

As at December 31, 2015 SC ROMCARBON SA Buzau holds participations directly and/or indirectly in 14 companies:

Company	31/12/2015		Consolidation method
	Interest	Control	
RECYPLAT LTD CYPRUS	100.00%	100.00%	Global
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	99.50%	99.50%	Global
ECO PACK MANAGEMENT SA	25.36%	99.24%	Global
INFOTECH SOLUTIONS SRL	99.00%	99.00%	Global
LIVINGJUMBO INDUSTRY SA	99.00%	99.00%	Global
NEXT ECO RECYCLING SA	69.30%	69.30%	Global
GRINFILD LLC UKRAINE	62.62%	62.62%	Global
GRINRUH LLC UKRAINE	62.62%	62.62%	Global
GREENSORT RECYCLING SRL	51.00%	51.00%	Global
ASOCIATIA ECOLOGICA GREENLIFE	44.84%	44.84%	Equity method
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	4.81%	4.81%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area



S.C. ROMCARBON S.A.



As at December 31, 2015, the Group also holds participations through Recyplat LTD in Romgreen Universal LTD and its subsidiaries, according to the table below.

Company	31/12/2015	
	Interest	Control
ROMGREEN UNIVERSAL LTD CYPRUS	25.00%	25.00%
GREENLAMP RECICLARE SA	25.00%	25.00%
GREENWEEE INTERNATIONAL SA	19.10%	19.10%
GREENWEEE INTERNATIONAL HUNGARY KFT	19.10%	19.10%
GREENTECH SA	17.56%	17.56%
GREENGLASS RECYCLING SA	17.50%	17.50%
GREENFIBER INTERNATIONAL SA	16.96%	16.96%
GREENTECH DOO SERBIA	15.26%	15.26%
GREENTECH RECYCLING DEUTSCHLAND GMBH	16.96%	16.96%
GRINTEH MK DOO MACEDONIA	15.17%	15.17%
GREENFIBRA HELLAS	10.17%	10.17%
TOTAL WASTE MANAGEMENT SRL (TBM)	17.53%	17.53%

PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2015

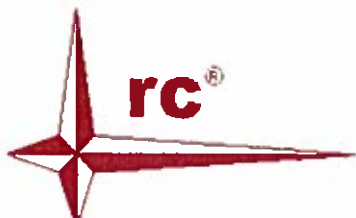
PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at December 31, 2015 the company was holding directly or through other subsidiaries, participating interest in the following entities:

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

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

RC ENERGO INSTALL S.R.L. is a company established in 2005, with a share capital of lei 2,000, where S.C. Romcarbon S.A. holds 100%. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).



S.C. ROMCARBON S.A.



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

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

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

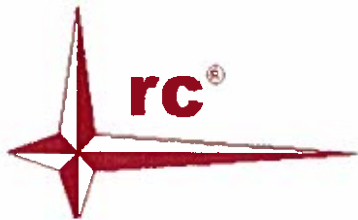
GRINFILD LLC UKRAINE is a company established in 2007, with a share capital of lei 4,312,062, where SC Romcarbon SA indirectly holds, through Recyplat LTD Cyprus, 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region,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

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

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

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

NEXT ECO RECYCLING SA is a company established in 2011, with a share capital of lei 400,200 where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69.30% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299). The Group acquired such company in December 2015.



S.C. ROMCARBON S.A.



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

In February 2014, SIGUREC INTERNATIONAL SA whose object of activity was Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221) was de-registered from the Trade Registry.

In June 2015, TOTAL COMMERCIAL MANAGEMENT SRL, whose object of activity was Agents involved in the sale of a variety of goods (NACE code 4619) was de-registered from the Trade Registry.

In October 2015, POLYMASTER CHEMICALS S.A., whose object of activity was Manufacture of plastic plates, sheets, tubes and profiles (NACE code 2221) was de-registered from the Trade Registry.

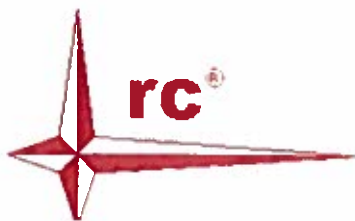
In November, TAIPEI CIMEO SRL, whose object of activity was Other human health activities (NACE code 8690) was de-registered from the Trade Registry

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

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

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

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



S.C. ROMCARBON S.A.



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

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

GREENTECH DOO SERBIA is a company established in 2005, with a share capital of lei 2.189.903, where SC Romcarbon SA indirectly holds 15.26% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Serbia, Backa Palanka, str. Zarka Zrenjanina nr. 152. The company's main object of activity is the recycling of non-metallic waste and scraps.

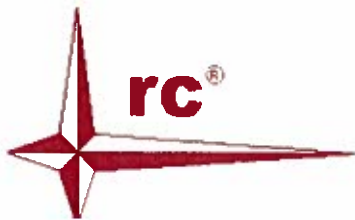
GREENTECH RECYCLING DEUTSCHLAND GMBH is a company established in 2010, with a share capital of lei 108,808, where SC Romcarbon SA indirectly holds 16.96% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. The company's main office is located in Bergisch Gladbach, Germany. The company's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

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

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

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

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



S.C. ROMCARBON S.A.



In October 2013, BIOPACK RECICLARE SRL was de-registered from the Trade Registry.

In November 2015, TOTAL ELECTRONIC WASTE MANAGEMENT SRL was deregistered from the Trade Registry.

ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE GROUP COMPANIES

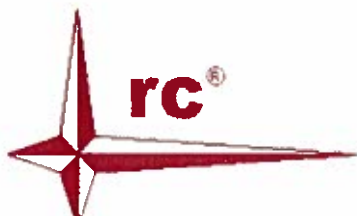
The following persons ensured the executive management of the group companies in 2015:

RECYPLAT LTD CYPRUS – Director – Nicos Avraamides
RC ENERGO INSTALL SRL – CEO Banucu Ileana
ECO PACK MANAGEMENT SA – CEO Ionescu Adin,
INFO TECH SOLUTIONS SRL - CEO Hristache Cornel
LIVINGJUMBO INDUSTRY SA – CEO Manaila Carmen
GRINFILD LLC UCRAINA – CEO Perepelitea Olena Ivanivna
GRINRUH LLC UCRAINA – CEO Iulia Golets
GREENSORT RECYCLING SRL – Administrator Dorin Mihai and Stefanescu Bogdan-Marius
YENKI SRL – Administrator Petre Romeo Florinel
ROMCARBON DEUTSCHLAND GmbH – Administrator - Ms. Csilla Orban
NEXT ECO RECYCLING SA – CEO Stan Ionut

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

The general results of the activity of the company and its subsidiaries in the reporting period

No.	Indicator [thousand lei]	31.12.2013	31.12.2014	31.12.2015
1	Income (Sales)	169,856	194,930	213,491
2	Total income	197,012	214,615	233,323
3	Total expenses	193,431	203,424	224,752
4	Net profit of the year	3,582	11,189	8,570
5	Profit attributable to parent	3,653	11,318	8,521



S.C. ROMCARBON S.A.

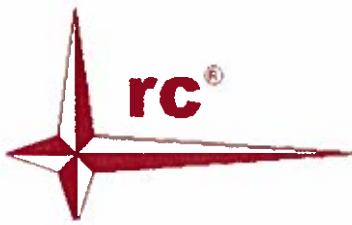


ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 2015 is presented in the table below:

Company	Net profit/loss (thousand lei)	Attributable to parent	Attributable to NCI
Romcarbon SA	6,392	6,392	0
Living Jumbo Industry SA	3,647	3,611	36
RC Energo Install SRL	609	606	3
Infotech Solutions SRL	125	124	1
Grinfild Ukraine	0	0	0
Grinruh Ukraine	0	0	0
Recyplat Ltd Cyprus	-91	-91	0
Romcarbon Deutschland GmbH	38	38	0
Eco Pack Mangement SA	10	10	0
Greensort Recycling SRL	0	0	0
Next Eco Recycling SA	27	19	8
Consolidation adjustments	-2,188	-2,187	0
Total	8,572	8,523	49

Note: Consolidation adjustments include the elimination of dividends received from Recyplat LTD, LivingJumbo Industry SA and Info Tech Solutions SRL, the elimination of intra-group transactions, the result of the de-consolidation of Taipei Cimeo SRL, Polymaster Chemicals SA, Total Commercial Management SRL, the shareholders' profit share (Romgreen, Yenki).



S.C. ROMCARBON S.A.



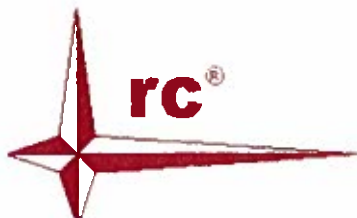
FINANCIAL ACCOUNTING STATUS

A.) STATEMENT OF FINANCIAL POSITION

Indicator	31.12.2013	31.12.2014	31.12.2015	Variation	2015 vs. 2014
Property, plant and equipment	125,085	121,134	197,495	76,361	▲ 63.04%
Investment property	45,934	46,317	43,799	-2,518	▼ -5.44%
Goodwill	143	143	143	0	— 0.00%
Other intangible assets	498	570	435	-135	▼ -23.68%
Investments in associates	26,349	23,733	26,978	3,245	▲ 13.67%
Other financial investments	209	197	197	0	— 0.00%
Total non-current assets	198,218	192,094	269,047	76,953	▲ 40.06%
Inventories	20,614	23,466	28,049	4,583	▲ 19.53%
Trade receivables	31,404	33,053	56,686	23,633	▲ 71.50%
	0	0	0	0	— #DIV/0!
Other current assets	1,350	956	2,004	1,048	▲ 109.62%
Cash and cash equivalents	14,393	20,646	17,014	-3,632	▼ -17.59%
Total current assets	67,761	78,121	103,753	25,632	▲ 32.81%
Total assets	265,979	270,215	372,800	102,585	▲ 37.96%
Share capital	26,412	26,412	26,412	0	— 0.00%
Share premiums	2,182	2,182	2,182	0	— 0.00%
Reserves	45,903	44,137	43,248	-889	▼ -2.01%
Retained earnings	59,541	70,678	77,870	7,192	▲ 10.18%
Equity attributable to owners of the parent	134,038	143,409	149,712	6,303	▲ 4.40%
Non-controlling interests	2,368	1,765	1,400	-365	▼ -20.68%
Total capital	136,406	145,174	151,112	5,938	▲ 4.09%
Borrowings	21,925	14,843	54,538	39,695	▲ 267.43%
Finance leases and other interest bearing payables	3,791	2,705	1,275	-1,430	▼ -52.87%
Deferred tax payables	10,571	11,042	11,143	101	▲ 0.91%
Other long-term provision payables	44	33	8	-25	▼ -75.76%
Deferred income	13,824	12,084	43,107	31,023	▲ 256.73%
Total non-current payables	50,155	40,707	110,071	69,364	▲ 170.40%
Trade payables	31,316	34,697	37,808	3,111	▲ 8.97%
Borrowings	43,869	44,070	69,203	25,133	▲ 57.03%
Finance leases and other interest bearing payables	1,503	1,678	1,719	41	▲ 2.44%
Deferred income	54	467	24	-443	▼ -94.86%
Other current payables	2,675	3,422	2,864	-558	▼ -16.31%
Total current payables	79,417	84,334	111,618	27,284	▲ 32.35%
Total payables	129,573	125,041	221,688	96,647	▲ 77.29%
Total capital and payables	265,979	270,215	372,800	102,585	▲ 37.96%

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

The participation of the consolidation companies in the indicators of the Statement of Financial Position in 2015 is presented in the table below:



S.C. ROMCARBON S.A.



Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	214,684	68,154	69,246	83,463
LivingJumbo Industry SA	49,578	37,316	40,737	32,007
RC Energo Install SRL	73	4,380	2	3,228
InfoTech Solutions SRL	34	380	0	133
Grinfield Ukraine	4,427	-866	0	5
Grinruh Ukraine	1,186	1,008	0	7
Recyclat Limited Cyprus	23,815	1,033	0	0
Romcarbon Deutschland GmbH	12	54	6	30
Eco Pack Management SA	468	898	79	1,149
Greensort Recycling SRL	0	40	0	2
Next Eco Recycling SA	299	150	0	23
<i>Consolidation adjustments</i>	-25,528	-8,795	0	-8,429
Total	269,047	103,753	110,071	111,618

NON-CURRENT ASSETS

In 2015, **non-current assets** accounted for 72.17% of the group's assets, registering an increase of lei 76,953 thousand, namely 40.06% as compared to the beginning of the year.

Non-current assets	31.12.2015	% of total NCA	% of total Asset	2015 vs. 2014
Property, plant and equipment	197,495	73.41%	52.98%	63.04%
Investment property	43,799	16.28%	11.75%	-5.44%
Goodwill	143	0.05%	0.04%	0.00%
Other intangible assets	435	0.16%	0.12%	-23.68%
Investments in associates	26,978	10.03%	7.24%	13.67%
Other financial investments	197	0.07%	0.05%	0.00%
Total	269,047	100.00%	72.17%	40.06%



S.C. ROMCARBON S.A.



CURRENT ASSETS

Current assets account for 27.83% of total assets, registering an increase of lei 25,632 thousand, namely 32.81% as compared to the beginning of the year.

Current assets (CA)	31.12.2015	% of total CA	% of total Assets	2015 vs.2014
Inventories	28,049	27.03%	7.52%	19.53%
Trade receivables	56,686	54.64%	15.21%	71.50%
Other current assets	2,004	1.93%	0.54%	109.62%
Cash and cash equivalents	17,014	16.40%	4.56%	-17.59%
Total	103,753	100.00%	27.83%	32.81%

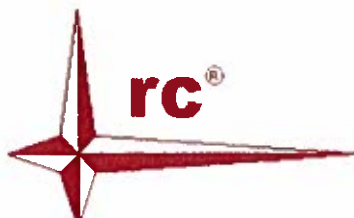
PAYABLES

Total payables of the group account for 59.47% of total Capital and payables, registering an increase of lei 96,647 thousand, namely 77.29% as compared to the beginning of the year.

The current payables of the group, accounting for 50.35% of total payables and 29.94% of total capital and payables, registered an increase of lei 27,284 thousand as compared to December 31, 2014, namely by 32.35%.

Current payables (CP)	31.12.2015	% of CP	% of total payables	% of TCP	2015 vs. 2014
Trade payables	37,808	33.87%	17.05%	10.14%	8.97%
Borrowings	69,203	62.00%	31.22%	18.56%	57.03%
Finance leases and other interest bearing payables	1,719	1.54%	0.78%	0.46%	2.44%
Deferred income	24	0.02%	0.01%	0.01%	-94.86%
Other current payables	2,864	2.57%	1.29%	0.77%	-16.31%
Total	111,618	100.00%	50.35%	29.94%	32.35%

As compared to 2014, the group's long-term payables registered an increase of lei 69,364 thousand, namely 170.40%, and account for 49.65% of total payables and 29.53% of total capital and payables.



S.C. ROMCARBON S.A.



Non-current payables	31.12.2015	% of TNP	% pf total payables	% of TCP	2015 vs. 2014
Borrowings	54,538	49.55%	24.60%	14.63%	267.43%
Finance leases and other interest bearing payables	1,275	1.16%	0.58%	0.34%	-52.87%
Deferred tax payables	11,143	10.12%	5.03%	2.99%	0.91%
Other long-term provision payables	8	0.01%	0.00%	0.00%	-75.76%
Deferred income	43,107	39.16%	19.44%	11.56%	256.73%
Total	110,071	100.00%	49.65%	29.53%	170.40%

As at December 31, 2015 the Group had contracted bank loans in amount of lei 123,742 thousand apportioned as follows:

- Short-term bank loans in amount of lei 69,203 thousand

Company	Type of loan	2013	2014	2015
Living Jumbo Industry SA	Investment loan in Euro - BRD	335	335	0
Living Jumbo Industry SA	Credit line in Euro – BRD	0	0	1,712
Living Jumbo Industry SA	Investment loan in Euro – BRD [IEC project]	494	494	0
LivingJumbo Industry SA	Bridge loan in Euro - CCE 2015 project - UniCredit Bank SA	0	0	18,079
Taipei Cimeo SRL	Credit line in Euro – UniCredit Tiriac Bank SA	170	440	0
Romcarbon SA	Credit line in Euro – BRD	11,429	11,173	9,742
Romcarbon SA	Credit line in Euro – UniCredit Tiriac Bank SA	15,472	15,463	14,137
Romcarbon SA	Credit line in Euro – UniCredit Tiriac Bank SA	8,994	9,099	10,213
Romcarbon SA	Investment loan in Euro - NBG Malta	4,714	4,711	0
Romcarbon SA	Investment loan in Euro - BCR [IEC project]	2,261	0	0
Romcarbon SA	Investment loan in Euro - BRD [I]	0	2,355	2,377
Romcarbon SA	Investment loan in euro-BRD [II]	0	0	47
Romcarbon SA	Investment loan in Euro - BRD [III]	0	0	2,038
Romcarbon SA	Investment loan in lei - Eximbank SA	0	0	255
Romcarbon SA	Bridge loan in euro - CCE 2015 project - UniCredit Bank SA	0	0	9,384
Romcarbon SA	VAT facility in lei - CCE 2015 project - UniCredit Bank SA	0	0	1,220
Total		43,869	44,070	69,203



S.C. ROMCARBON S.A.



➤ Long-term bank loans in amount of lei 54,538 thousand

Company	Type of loan	31.12.2013	31.12.2014	31.12.2015
Living Jumbo Industry SA	Investment loan in Euro - BRD	335	0	0
Living Jumbo Industry SA	Investment loan in Euro – BRD [IEC project]	494	0	0
LivingJumbo Industry SA	Investment loan in euro [2015]-BRD	0	0	1,210
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	0	0	871
LivingJumbo Industry SA	Investment loan in euro - CCE 2015 project - UniCredit Bank SA	0	0	20,025
Romcarbon SA	Investment loan in Euro - NBG Malta	13,748	9,029	0
Romcarbon SA	Investment loan in Euro - BCR [IEC project]	7,348	0	0
Romcarbon SA	Investment loan in Euro - BRD [I]	0	5,103	2,774
Romcarbon SA	Investment loan in Euro - BRD [II]	0	711	3,073
Romcarbon SA	Investment loan in euro-BRD [III]	0	0	10,360
Romcarbon SA	Investment loan in lei - Eximbank SA	0	0	2,800
Romcarbon SA	Investment loan in euro - CCE 2015 project- UniCredit Bank SA	0	0	13,426
Total		21,925	14,843	54,538

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

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

EQUITY accounts for 40.53% of total capital and payables, amounting to lei 151,112 thousand, of which lei 1,400 thousand pertain to non-controlling interest. Equity increased by lei 5,938 thousand, namely 4.09%.



S.C. ROMCARBON S.A.



B.) STATEMENT OF COMPREHENSIVE INCOME [thousand lei]

	2013	2014	2015	2015 vs.2014
Income	169,856	194,930	213,491	▲ 18,561
Other income	1,387	1,560	1,388	▼ - 172
Investment income	2,900	7,018	1,850	▼ - 5,168
Other gains or losses	947	534	-3,617	▼ - 4,151
Changes in inventories of finished products and goods in progress	1,019	2,785	2,127	▼ - 658
Raw materials and consumables used	-116,561	-131,400	-140,933	▲ - 9,533
Depreciation and amortization expense	-7,900	-8,752	-8,640	▼ 112
Employee salaries and social security	-32,822	-36,605	-41,685	▲ - 5,080
Financial costs	-3,121	-2,823	-2,499	▼ 324
Other expenses	-13,898	-17,187	-16,621	▼ 566
Shareholders' profit share	2,705	2,346	3,980	▲ 1,634
Profit (loss) before taxation	4,512	12,406	8,842	▼ - 3,564
Income tax	-930	-1,217	-271	▲ 946
Profit/loss for the year, attributable to:	3,582	11,189	8,571	▼ - 2,618
Owners of the parent	3,653	11,320	8,521	▼ - 2,799
Non-controlling interests	-72	-128	49	▲ 177
Profit/Loss for the year	3,581	11,191	8,571	▼ - 2,620
Exchange differences on translating foreign operations	363	-1,374	-609	▲ 765
Gains on revaluation of land and buildings	0	0	0	▼ -
Deferred tax on comprehensive income	0	0	0	▼ -
Comprehensive income, attributable to:	3,944	9,817	7,962	▼ - 1,855
Owners of the parent	3,990	10,354	8,091	▼ - 2,263
Non-controlling interests	-46	-537	-128	▲ 409



S.C. ROMCARBON S.A.



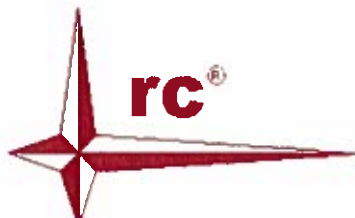
NET SALES

The contribution of the consolidated companies in the indicator "Income" in 2015 is presented in the table below:

Company	2014 [thousand lei]	% of total	2015 [thousand lei]	% of total	2015 vs. 2014
Romcarbon SA	157,958	68.58%	176,703	70.30%	11.87%
LivingJumbo Industry SA	60,398	26.22%	61,448	24.45%	1.74%
RC Energo Install SRL	6,114	2.65%	6,241	2.48%	2.08%
Eco Pack Management SA	3,521	1.53%	4,197	1.67%	19.19%
Info Tech Solutions SRL	1,080	0.47%	1,322	0.53%	22.46%
Taipei Cimeo SRL	143	0.06%	-	0.00%	-100.00%
Romcarbon Deutschland GmbH	1,113	0.48%	1,458	0.58%	30.91%
Total, of which:	230,327	100.00%	251,368	100.00%	9.14%
Group turnover	35,397	15.37%	37,877	15.07%	7.01%
Turnover outside the group	194,930	84.63%	213,491	84.93%	9.52%

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

Structure of Income [thousand lei]	2013	% of total	2014	% of total	2015	% of total	2015 vs. 2014
Income from sales of finished products (701+709)	118,522	70%	135,523	70%	146,447	69%	8.06%
Income from sales of semi-finished products	16,441	10%	19,028	10%	19,066	9%	0.20%
Income from sale of residual products	159	0%	20	0%	17	0%	-15.29%
Sales from supplies of services	5,400	3%	5,692	3%	6,212	3%	9.12%
Income from sale of commodities	27,851	16%	33,753	17%	40,883	19%	21.12%
Income from other activities	1,483	1%	913	0%	866	0%	-5.07%
Total	169,856	100%	194,930	100%	213,491	100%	9.52%



S.C. ROMCARBON S.A.



C.) ECONOMIC AND FINANCIAL RATIOS

1 Profitability ratios

Ratio	Calculation	31.12.2013	31.12.2014	31.12.2015
a) EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Income}} \times 100$	8.05%	11.28%	8.47%
b) EBITDA in equity	$\frac{\text{EBITDA}}{\text{Equity}} \times 100$	10.02%	15.15%	11.97%
c) Rate of gross profit	$\frac{\text{Gross profit}}{\text{Income}} \times 100$	2.66%	6.36%	4.14%

2 Liquidity ratios

Ratio	Calculation	31.12.2013	31.12.2014	31.12.2015
a) Current liquidity	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.85	0.93	0.93
b) Immediate liquidity (acid test)	$\frac{\text{Current assets}-\text{Inventory}}{\text{Current liabilities}}$	0.59	0.65	0.68

3 Risk ratios

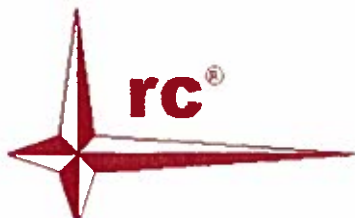
Ratio	Calculation	31.12.2013	31.12.2014	31.12.2015
a) Gearing ratio	$\frac{\text{Long-term liabilities}}{\text{Equity}}$	0.37	0.28	0.73
b) Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expenses}}$	2.71	6.15	5.43

4 Activity ratios

Ratio	Calculation	31.12.2013	31.12.2014	31.12.2015
a) Trade receivables turnover	$\frac{\text{Average outstanding trade receivables}}{\text{Income}} \times 360$	75	60	76
b) Trade liabilities turnover	$\frac{\text{Average outstanding trade liabilities}}{\text{Income}} \times 360$	69	61	61

5 Profitability ratios

Ratio	Calculation	31.12.2013	31.12.2014	31.12.2015
a) Return on Assets (ROA)	$\frac{\text{Net result}}{\text{Total assets}} \times 100$	1.3467%	4.1408%	2.2991%
b) Return on Equity (ROE)	$\frac{\text{Net result}}{\text{Equity}} \times 100$	2.6260%	7.7073%	5.6720%
c) Return on sales (ROS)	$\frac{\text{Net result}}{\text{Net sales}} \times 100$	2.1088%	5.7400%	4.0147%



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D.) STATEMENT OF CASH FLOWS

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

	2013	2014	2015
Net cash generated by operating activities	8,505	11,277	6,920
Net cash used in investing activities	546	3,813	-72,005
Net cash generated by financing activities	-7,209	-8,837	61,453
Net increase in cash and cash equivalents	1,842	6,253	-3,632
Cash and cash equivalents at the beginning of the year	12,551	14,393	20,646
Effect of exchange rate on the foreign currency cash balance	0	0	0
Cash inflows from acquisition of new subsidiaries	0	0	0
Cash and cash equivalents at the end of the year	14,393	20,646	17,014

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INTERNAL CONTROL

Internal control aims at ensuring a rigorous and effective management of the Group's activity through the adoption by the Group's member companies 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.

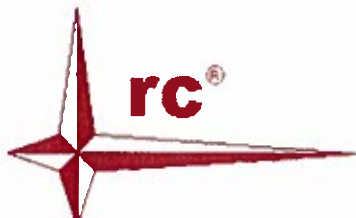
Internal control is organized so as to comply not only with financial-accounting regulations, but with all regulations, such as Environmental, Occupational Health and Safety, Emergency Situations, applicable to products; the Civil Code.

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

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

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



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

Each of the Group companies' management has taken action in order to remove or reduce 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 Group 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 Group member companies' 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:

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

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

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

For an efficient internal control, the same person cannot 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.



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The internal accounting and financial control focuses on providing:

- compliance of the accounting and financial information with the applicable rules;
- application of the management instructions according to this information;
- protection of the assets;
- prevention and detection of accounting and financial frauds and irregularities;
- reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- reliability of the annual published financial statements and other information communicated to the market.

All internal 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.

THE GROUP'S OBJECTIVES AND POLICIES REGARDING RISK MANAGEMENT

Capital risk

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

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

Financial risks

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

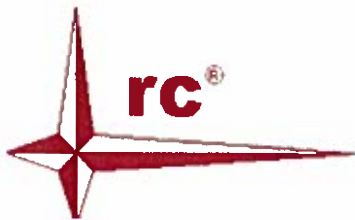
Liquidity risk

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

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

Credit risk

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



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Market risk

Given the international climate, where the financial crisis has affected in recent years the markets where the Group operates, in 2015 the Group managed to obtain a turnover of lei 213,491 thousand, and for 2016 it sets itself to maintain a growing trend by 10-15% as compared to last year. However, the Group's management cannot predict the changes that may occur on domestic and foreign markets or the effects thereof on its financial statement, operating results and cash flows.

President of the BoA,

Chief Executive Officer: Eng. Andrei Radu

Hung Ching Ling

Chief Financial office: Ec. Zainescu Viorica Ioana

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