CARBOCHIM S.A.

SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2014

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

CARBOCHIM S.A.

SEPARATE FINANCIAL STATEMENTS

TABLE OF CONTENTS

STATEMENT OF REVENUE AND EXPENDITURE

(All amounts are expressed in RON unless otherwise stated)

	Note	31 December 2013	31 December 2014
Income	17	27,544,446	29,652,557
Other income	17	1,103,631	1,186,514
Changes in inventories of finished goods and production in progress		403,715	(392,588)
		29,051,792	30,446,483
Raw materials, goods and supplies used		(11,138,711)	(10,836,133)
Employees benefits expenses	18	(11,370,799)	(12,161,915)
Depreciation and amortization expenses		(1,729,639)	(1,683,361)
Other operating expenses	19	(4,092,170)	(4,360,192)
		(28,331,319)	(29,041,601)
Operating income		720,473	1,404,882
Financial income	20	327	284
Financial costs	20	(249,398)	(186,012)
Financial net result		(249,071)	(185,728)
Profit before tax		471,402	1,219,154
Income tax expense	21	(112,221)	(176,986)
Net profit for the year		359,181	1,042,168
Basic earnings and diluted earnings per action (RON per share)	23	0.09	0.27

CARBOCHIM S.A.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are expressed in RON unless otherwise stated)

	Note	31 December 2013	31 December 2014
Other comprehensive income			
Profit for the year		359,181	1,042,168
Other comprehensive income:			
Gains / (losses) on revaluation of assets		0	0
Change of deferred tax recognized in the revaluation reserve		66,685	38,781
Other comprehensive income for the year, excluding taxes		66,685	38,781
Total comprehensive income of the year		425,866	1,080,949

CARBOCHIM S.A.

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in RON unless otherwise stated)

	Note	31 December 2013	31 December 2014
ASSETS			
Non-current assets			
Investment property	8	3,736,078	3,736,078
Other intangible assets	7	14,194	18,711
Tangible assets	6	40,808,286	40,185,716
Investments in equity instruments		38,000	38,000
Total non-current assets		44,596,558	43,978,505
Current assets			
Stocks	10	11,326,706	11,186,268
Trade receivables	11	6,633,835	7,468,650
Other current assets	11	134,583	102,347
Current income tax recoverable	11,21	906	-
Cash and cash equivalents	12	143,470	182,660
Total current assets		18,239,500	18,939,925
TOTAL ASSETS		62,836,058	62,918,430
EQUITY AND LIABILITIES			
Share capital			
Share capital	13	9,705,998	9,705,998
Adjustments in equity	13	-	-
Other components of equity		37,570,751	36,542,339
Retained earnings		4,495,616	6,216,738
Total equity		51,772,365	52,465,075
Long-term liabilities			
Long-term loans	14	-	-
Finance lease liabilities	15	4,537	17,624
Long-term provisions	5	172,490	172,490
Deferred tax liability	21	2,851,066	2,814,845
Total long-term liabilities		3,028,093	3,004,959
Current liabilities			
Current portion of long term loans	14	3,234,652	3,079,102
Current portion of finance lease liabilities	15	36,332	40,656
Trade payables and of other nature	16	4,764,616	4,276,351

(All amounts are expressed in RON unless otherwise stated)

	Note	31 December 2013	31 December 2014
Current income tax	16, 21	-	52,287
Total current liabilities		8,035,600	7,448,396
TOTAL LIABILITIES		11,063,693	10,453,355
TOTAL EQUITY AND LIABILITIES		62,836,058	62,918,430

The financial statements were authorized for issue by the Board of Directors on 18 March 2015 and were signed on its behalf.

Popoviciu Viorel-Dorin

Director

Barabula Mihaela-Maria

Chief Financial Officer

SOCIETATEA COMERCIALĂ CARBOCHIM S.A. CLUJ-NAPOCA

STATEMENT OF CASH FLOWS

(All amounts are expressed in RON unless otherwise stated)

	Note	31 December 2013	31 December 2014
Cash flows from operating activities			
Receipts from customers and other debtors		33,591,800	36,911,261
Payments to suppliers, employees and other creditors		(20,892,804)	(24,119,586)
Interest paid		(200,637)	(169,343)
Income taxes, social contributions, other taxes paid		(10,160,987)	(11,077,886)
Net cash from operating activities		2,337,372	1,544,446
		-	-
Cash flows from investing activities			
Payments for acquisition of shares		-	-
Payments to acquire property plant and equipment		(699,777)	(417,545)
Proceeds from sale of property plant and equipment		-	-
Interest received		327	282
Dividends received		-	-
Net cash from investing activities		(699,450)	(417,263)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from loans		29,977,158	41,532,156
Payment of debts related to financial leasing		(136,874)	(769,178)
Dividends paid		(15,675)	(163,265)
Repayments of amounts borrowed		(31,547,959)	(41,687,706)
Net cash from financing activities		(1,723,350)	(1,087,993)
Cash flows - total		(85,428)	39,190
Cash at the beginning of period		228,898	143,470
Cash at the end of period	12	143,470	182,660

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in RON unless otherwise stated)

	Notes	Share capital	Adjustments to the share capital	Other reserves	Profit or loss brought forward and not distributed	Total equity
Balance on 1 January 2013		9,705,998	78,103,591	37,499,108	(73,962,197)	51,346,500
Profit for 2013		-	-	-	359,181	359,181
Other comprehensive income for the period						
Distribution of profit or loss in legal reserve		-	-	23,570	(23,570)	-
Movements in revaluation reserve		-	-	-	-	-
Distribution of profit the previous year in other reserves		-	-	-	-	-
Achievements of revaluation reserve		-	-	(18,613)	18,613	-
Deferred income tax revaluation brought forward		-	-	66,684	-	66,684
Coverage loss resulting from the application for the first time of IAS 29 in the capital adjustments		-	(78,103,591)	-	78,103,591	-
Transactions with shareholders						
Dividends paid to shareholders		-	-	-	-	-
Total comprehensive profit		9,705,998	-	37,570,749	4,495,618)	51,772,365
Balance on 31 December 2013		9,705,998	-	37,570,749	4,495,618	51,772,365

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in RON unless otherwise stated)

	Notes	Share capital	Adjustments to the share capital	Other reserves	Result reported	Total equity
Balance on 1 January 2014		9,705,998	-	37,570,749	4,495,618	51,772,365
Profit for 2014		-	-	-	1,042,168	1,042,168
Other comprehensive income for the period						
Distribution of profit or loss in legal reserve		-	-	60,958	(60,958)	-
Movements in revaluation reserve		-	-	-	-	-
Distribution of the previous year profit in other reserves		-	-	40,229	(40,229)	-
Achievements of revaluation reserve		-	-	(4,840)	4,840	-
Deferred income tax revaluation brought forward		-	-	38,781	-	38,781
Coverage loss resulting from the transition to IFRS without IAS 29 in other reserves, own sources of funding and undistributed net profit		-	-	(1,163,540)	1,163,540	-
Transactions with shareholders						
Dividends paid to shareholders		-	-	-	(388,239)	(388,239)
Total comprehensive profit		9,705,998	-	36,542,337	6,216,740	52,465,075
Balance on 31 December 2014		9,705,998	-	36,542,337	6,216,740	52,465,075

The Company complies with national rules in force on the distribution of reserves to shareholders.

(All amounts are expressed in RON unless otherwise stated)

1. GENERAL INFORMATION

CARBOCHIM S.A. was set up as a joint-stock Company in 1991, by transforming the former I.I.S. CARBOCHIM and has its registered office in Romania, CLUJ-NAPOCA City, 1 Mai Square No. 3.

The Company was founded initially in 1949, for the production of coal, and the activity profile had changed by subsequent investment, leading to the production and sale of abrasive products: vitrified bonded grinding wheels, bakelite bonded grinding wheels, elastic bonded grinding wheels, mineral bonded abrasives, abrasive cutting and deburring grinding wheels, abrasive paper, cloth - paper combined, and volcano fiber. Moreover, the activity includes internal and external trade activities, services on maintenance and repair of machinery, as well as manufacturing and office space rental.

CARBOCHIM SA is an open Company, the Company's shares are listed on the Bucharest Stock Exchange in 2nd category.

On 31 December 2014, the structure of financial instruments holders holding at least 10% of the share capital of Carbochim S.A. is as follows:

	Number of shares	Percentage of ownership (%)
POPA GHEORGHE TITUS DAN	583,668	15.0337
IONESCU MIRCEA-PIETRO	583,371	15.0260
S.C. ELECTROARGEŞ S.A.	611,133	15.7411
Individuals	1,434,763	36.9556
Legal entities	669,464	17.2436
TOTAL	3,882,399	100

CARBOCHIM SA holds a participating interest in CARBOREF SA from Cluj-Napoca, of 25% of the share capital, an investment of RON 37,500.

In 2005, CARBOCHIM SA participates as a founding member to the establishment of Equipment Manufacturers and Importers Association for Wood Industry in Romania (A.P.I.E.L. - Romania), its contribution to the initial assets of the association being of RON 500, which represents a share of 7.14 %.

CARBOCHIM SA has no subsidiaries or shareholdings in other companies than those mentioned above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in preparing of these financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Carbochim S.A. on 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

The provisions of the Order of the Ministry of Finance 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented, were taken into consideration

In this respect, the statement of financial position, a component of the annual financial statements closed on 31 December 2014, includes information corresponding to the end of the reporting year and the end of the financial year prior to the reporting year. Moreover, the statement of comprehensive income includes information corresponding to the current financial year and the financial year prior to the reporting year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the application of complex judgments by management in the process of applying the Company's accounting policies. The areas involving a higher degree of complexity and application of these reasons, or where assumptions and estimates have a significant impact on the financial statements, are presented in Note 4.

2.1.1 Changes in accounting policies and presentation of information

(a) *New and amended standards adopted by the Company*

IFRS and IFRIC interpretations are not applicable for the first time in the financial year beginning on or after 1 January 2014, which may have a significant impact on the Company.

IFRS 13 "Fair value measurement" (effective from 1 January 2013), adopted by the EU on 11 December 2012 establishes a single source of guidance for determining fair value disclosures for determining fair value. The standard defines fair value, establishes a legal framework for measuring fair value, and contains provisions for the presentation of information about fair value measurement. The scope of IFRS 13 is broad, it applies to both financial and non-financial instruments for which other IFRSs provide or allow fair value measurements and disclosures about fair value measurements, except for specific situations. For example, providing quantitative and qualitative information based on three levels hierarchy provided in the past for financial instruments in accordance with IFRS 7 "Financial Instruments" expanded according to IFRS 13 to cover all assets and liabilities of its scope.

The standard requires the classification of assessments in a fair value hierarchy based on the nature of the inputs:

- level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 - inputs other than quoted market prices that are included in level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3 - unobservable inputs for the asset or liability;

IFRS 10 "Consolidated financial statements" (effective from 1 January 2014), adopted by the EU on 11 December 2012, replaces sections of IAS 27 "Consolidated and separate financial statements treating the consolidated financial statements". SIC 12 Consolidation - Special Purpose Entities was withdrawn upon issuing IFRS 10. In accordance with IFRS 10, there is only one basis for consolidation, which is the control. In addition, IFRS 10 includes a new definition of control that contains 3 elements:

a) authority over the investee entity

b) exposure or rights to variable results based on its participation in the investee entity

c) the ability to use their authority over the investee entity in order to influence the investor's results value.

No impact on the financial statements.

IFRS 11 "Joint Liabilities" (effective from 1 January 2014), adopted by the EU on 11 December 2012, replaces IAS 31 "Interests in Joint Ventures". IFRS 11 covers the manner in which joint commitments in which two or more parties have joint control are to be classified. SIC 13 Jointly Controlled Entities - monetary contributions of joint ventures was withdrawn upon issuing IFRS 11. In accordance with IFRS 11, joint ventures are classified as joint operations or joint stock companies, according to the rights or obligations of the parties to the association. No impact on the financial statements.

IFRS 12 "Presentation of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint

arrangements, associates, special purpose instruments and other off-balance sheet instruments.
No impact on the financial statements.

IAS 27, "Separate Financial Statements" (amended in 2011); the amendments entered into force as of 1 January 2014. The standard continues the existing accounting requirements and disclosure of information of IAS 27 (2008) regarding the separate financial statements, with some minor clarifications. Moreover, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The standard no longer deals with the control principle and the provisions relating to consolidated financial statements, which are moved to IFRS 10 Consolidated financial statements.
No impact on the financial statements.

IAS 28 "Investments in Associates" (amended in 2011), amendments which entered into force on 1 January 2014. There are limited amendments made in IAS 28 (2008):
a) IFRS 5. Non-current assets held for sale and discontinued operations applies to an investment or a part of an investment in an associate or joint venture that meets the criteria to be classified as investments held for sale. For any remaining part of the investment which was not classified as held for sale, the equity method is applied until the assignment of that part classified as held for sale. After the assignment occurs, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or joint venture;
b) the previous IAS 28 (2008) and IAS 31 provided that termination of significant influence or joint control to trigger the re-measurement of any retained interest in all situations, even if significant influence was followed by joint control. IAS 28 (2011) now states that in such scenarios the retained interest in investment is not re-measured.
No impact on the financial statements.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Ventures" and IFRS 12 "Information presented on interests in other entities" - Transition Guide, published by the IASB on 28 June 2012. The amendments are designed to provide additional support for the transition to IFRS 10, IFRS 11 and IFRS 12 by "limiting the obligation to provide comparative information only for the previous comparative period". Furthermore, changeswere borught to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for the immediately preceding periods.
No impact on the financial statements.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Information presented on interests in other entities" and IAS 27 "Separate Financial Statements" – investment firms. The amendments provide an exception to the requirements of IFRS 10 and require consolidation of investment companies rather to assess certain subsidiary at fair value in the income statement rather than strengthen them. The amendments also establish disclosure requirements for investment firms.
No impact on the financial statements.

Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting financial assets and liabilities issued by the IASB on 16 December 2011 (effective for annual periods beginning on or after 1 January 2014). The amendments provide clarification on the enforcement of compensation.
No impact on the financial statements.

Amendments to IAS 36 "Impairment of Assets" - Information to be submitted for the recoverable amount of non-financial assets issued by the IASB on 29 May 2013 (effective for annual periods beginning on or after 1 January 2014).
These amendments to IAS 36 addresses the disclosure of information on impaired assets recoverable amount, if this amount is based on fair value less the sale costs. In developing IFRS 13 Fair value measurement, IASB decided to amend IAS 36 in terms of presenting information about the recoverable amount of impaired assets. Current IASB amendments clarify the original intent that the purpose of these presentations will be limited to the recoverable amount of impaired assets, which is based on fair value less the sale.
No impact on the financial statements.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - novation of derivatives and continuation of hedge accounting, published by IASB on 27 June 2013 (effective for annual periods beginning on or after 1 January 2014). The amendments allow to pursue hedge accounting if a derivative that has been designated as a hedging instrument is included in a novation contract.
No impact on the financial statements.

(b) *New standards, amendments and interpretations issued but not applicable for the financial year from 1 January 2014, therefore not adopted:*

IFRS 9, "Financial Instruments" refers to the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two measurement categories: those measured at fair value and those carried at amortized cost. The determination occurs on initial recognition. The classification depends on the entity's business model for managing the financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in cases where the fair value option for financial liabilities is used, the section corresponding to the change in fair value due to credit risk of an entity is registered in other comprehensive income and not in profit or loss unless it creates an accounting mismatch. The Company has not yet determined the full impact of IFRS 9 and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also analyze the impact of the remaining stages of IFRS 9 when established by the Board of Directors.

Amendments to IAS 19 "Employee Benefits" - defined plans and benefits: employee contributions (effective for annual periods beginning on or after 1 February 2015). Amendments concerning employees and third party contributions to defined benefit retirement plans. Their purpose is to simplify accounting for contributions that are independent of the number of years in service, for example, employee contributions calculated as a fixed percentage of salary. The Company will analyze the impact of application.

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" as a result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38). They are aimed, primarily, at removing inconsistencies and clarifying wording. (Effective for annual periods beginning on or after 1 February 2015).

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" as a result of the annual improvement project of IFRS (IFRS1, IFRS 3, IFRS 13, IAS 24 and IAS 38). They are aimed, primarily, at removing inconsistencies and clarifying wording. (Effective for annual periods beginning on or after 1 January 2015).

There are no further inapplicable IFRS and IFRIC interpretations that are expected to have a significant impact on the Company.

2.2 Segment Reporting

A business segment is a distinctive component of the Company:

a) that engages in business activities from which it can get revenues from which can incur expenditure,

b) whose results from activities are examined periodically by the Company's chief operating decision maker in order to take decisions about resource allocation and assessment of segment performance, and

c) for which discrete financial information is available.

IFRS 8. The activity segments should apply to the separate financial statements of the Company as its own equity instruments are traded in a public market (BSE).

The presentation of information on products and services and geographic areas in which the Company carries out is activity is mandatory, even for those entities that identify a single reportable segment, considering the quantitative thresholds and aggregation criteria stipulated by the standard.

Considering the quantitative thresholds and aggregation criteria set by the standard in terms of business segments, the Company does not identify distinctive components in terms of the related risks and benefits.

Presentation of geographical areas in which the Company operates:

Outlet market	Share (%)	Amount of revenue
External Poland, Hungary, Germany, Belgium, Slovakia, Czech Republic)	1.66	504,218
Internal (Romania)	98.34	29,942,265
Total operating income	100.00	30,446,483

Disclosure of information on the Company's products and services

Product or service	**Share (%)**	**Amount of revenue**
Grinding wheels	55.65	16,944,630
Coated abrasives	37.92	11,546,297
Other products	1.01	304,628
Rental income	3.67	1,118,422
Revenue from sale of goods	2.26	688,648
Other income, including changes in stocks of finished goods and work in progress	-0.51	-156,142
Total operating income	100.00	30,446,483

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Romanian lei ("RON"), which is the functional and presentation currency of the Company.

Exchange rates on 31 December 2014 and 31 December 2013 are as follows:

	2014	**2013**
EUR	4,4821	4,4847
USD	3,6868	3,2551

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate on the date of the transactions or valuation for items that are revalued. Gains and losses on exchange differences arising from these transactions and from the translation at the rate of year-end monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, unless they are registered in other items of the comprehensive income as financial instruments that are designated as hedging instruments for cash flow hedge, as well as financial instruments that are designated as hedging instruments of net investment.

Gains and losses on exchange rate, which refer to loans and leases, are presented in the income statement under "income or financial costs".

All other gains and losses on exchange are presented in the income statement under "other (losses) / gains – net".

2.4 Accounting of the hyperinflation effect

Romanian economy has recorded high levels of inflation in the past and was considered to be hyperinflationary as defined in IAS 29 "Financial Reporting in Hyperinflationary Economies".

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of purchasing power at 31 December 2003. Therefore, the values reported in terms of purchasing power at 31 December 2003 are treated as the basis for the accounting amounts of these financial statements.

The restatement was calculated at the first application of IFRS using the developments in the consumer price index ("CPI") published by the National Statistics Institute ("NIS").

2.5 Tangible assets

Land and buildings include factories, offices and commercial spaces.
The remaining tangible assets are mainly technological equipment used in the production process.

All classes of property, are presented at 31 December 2014 at fair value.
For buildings and equipment we used the revalued amount at 31 December 2012 minus the depreciation losses for the years 2013 and 2014. The revaluated value at 31 December 2012.is used for land

On 31 December 2014 no revaluation of assets were performed due to the fact that a market analysis made by a licensed assessor concluded that there are no significant variations of fair values for land, buildings and special constructions, the property of Carbochim S.A. between December 2012 and December 2014.

Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the assets, subsequent to revaluation, equals its revalued amount.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits related to that item will belong to the Company, and its cost can be measured reliably. The carrying amount of the replaced item is derecognised. All other repairs and maintenance expenses are recorded in the income statement in the financial period in which they are incurred.

The depreciation method used is the straight-line method.
Useful life of fixed assets is determined in accordance with the "Catalogue on classification and useful life of fixed assets", approved by Government Decision 2139 / 30 November 2004 updated. Given that this catalogue provides a choice of the normal functioning from a range with a minimum and a maximum value, the technical committee reviewed the conditions and environment in which the fixed assets operate and decided to use a life time equal to the middle range.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amount to the residual value, over the estimated useful lives, as follows:

Building	25-40 years
Machinery	10-15 years
Vehicles	3-5 years
Furniture, facilities and equipment	3-8 years

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

The carrying amount of the asset is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount and are recognized in "Other (losses) / gains – net" in the income statement.

On the sale of revalued assets, the amounts included in other reserves are transferred to retained earnings.

2.6 Intangible assets

(a) Trademarks and Licenses

Trademarks and licenses acquired separately are recorded at historical cost. Trademarks and licenses have a limited useful life and are carried at cost minus the accumulated depreciation.

The depreciation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful life of 1-3 years.

2.7 Investment properties

Investment properties are real estate (land, buildings or parts of buildings) held by the Company in order to increase the value or rental or both, rather than for:
- be used in the production or supply of goods or services or for administrative purposes; and
- be sold in the ordinary course of business.

An investment property is measured initially at cost, including transaction costs. The cost of a purchased investment property consists of its purchase price plus any directly attributable expenditure (professional fees for legal services, the property transfer taxes and other transaction costs).

Company's accounting policy on further evaluation of real estate investments is based on the fair value model. This policy is applied uniformly to all investment property held. Measuring the fair value of investment properties is performed by evaluators members of the National Association of Assessors of Romania (ANEVAR).
The depreciation expense is no longer recognized, and the investment property is subject to revaluation with sufficient regularity in recognizing at fair value. Gains or losses resulting from the change in fair value of investment property are recognized in profit or loss in the period in which they occur.

On 31 December 2014 no revaluation of investment properties were performed due to the fact that a market analysis carried out by a licensed assessor concluded that there are significant variations of fair values for land, buildings and special constructions, the property of Carbochim SA between December 2012 and December 2014.

2.8 Investments in equity elements

Investments in equity elements include participating interests in CARBOREF SA from Cluj-Napoca in a proportion of 25% of the share capital and a contribution to the initial assets of the association A.P.I.E.L. Romania, which represents a share of 7.14%. The percentages held do not give us control or any significant influence on the Company's activity or association. Carboref SA is a Company listed on BSE, so the investment is valued at cost. The Company did not recognize adjustments for their impairment.

2.9 Impairment of non-financial assets

Assets that are subject to amortization are assessed for impairment whenever events or changes occur indicating that the carrying amount may not be recoverable. An impairment loss is recognized as the difference between the carrying amount and the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value minus the costs to sell and the value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are identifiable independent cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

2.10.1. Classification

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities payable than twelve months after the end of the reporting period. They are classified as current assets.

(b) *Financial assets available for sale*

Financial assets available for sale are non-derivatives that are either designated in this category or not classified in the first category presented. They are included in current assets unless the investment matures or the management intends to dispose of within twelve months after the end of the reporting period

(c) *Greenhouse gas emission certificate*

The Company holds a number of allowances for greenhouse gas received free of charge from the Ministry of Environment and Forests. This number is assigned based on the emission of greenhouse gases, estimated based on production in previous years.

Under the legislation, some of these certificates are submitted to the Ministry after the closure of each financial year. The number of certificates delivered is determined based on gas consumption achieved by the regularization process.

The Company may sell these certificates if the number of the allowances allocated initially exceeds the number of the allowances submitted.

The allowances of the Company at the late of the years were:

1. 2,196 allowances – 2013 (an allowance worth EUR 4.80 in 2013)

2. 0 allowances - 2014

The Company recognizes these certificates to null when it receives them free of charge and will record an income from their sale.

Starting 01 January 2013, the plant belonging to the Company is no longer subject to the greenhouse gas emissions trading scheme pursuant to Directive 2009/29 / EC, so in 2013 did not receive EUAs.

In 2014 the Company has alienated all 2,196 allowances found in the account at the beginning of the year, otherwise risked losing them.

2.10.2. Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets available for sale are subsequently carried at fair value. Loans and receivables are carried at amortized cost based on the effective interest method.

Investments in equity that do not have a quoted market price in an active market and whose fair value cannot be measured reliably must not be designated at fair value through profit or loss.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of finished products is determined by the standard cost method.
Cost of production of finished goods and work in progress comprises the design costs, raw materials, direct productive labor force, other direct costs and appropriate indirect production costs (based on normal production capacity). Loan costs are not included.

Net realizable value represents the estimated selling price in the ordinary course of business, minus applicable variable selling expenses.

Where necessary, are recorded provisions for obsolete inventories and slow turning. Obsolete inventories identified individually are provisioned at integrated value or derecognised. For slow moving stocks, estimation of the age is performed by each major category, based on stock rotation.

2.12 Trade receivables

Trade receivables are amounts due from customers for stocks sold or services provided in the normal course of business. If you are expected to be collected within one year or less than one year (or later in the normal course of business), they will be classified as current assets. Otherwise, it will be presented as current assets.

Trade receivables are recognized initially at fair value and subsequently for claims with a credit period of more than six months, the assessment is made at amortized cost using the effective interest method less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in current accounts with banks, other short-term investments with high liquidity and original maturity periods of up to three months and overdrafts from banks.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that were acquired in the ordinary course of business from suppliers. Accounts suppliers are classified as current liabilities if payment is to be made within a year or less than one year (or later in the normal course of business). Otherwise, it will be presented as current liabilities. are recognized commercial lung. Trade payables are recognized initially at fair value and subsequently liabilities with a maturity of less than 6 months are measured at amortized cost based on the effective interest method.

2.16 Loans

Loans are recognized initially at fair value, net of transaction costs recorded. Subsequently, loans are stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the period of loans, based on the effective interest method.

2.17 Current and deferred income taxes

Tax expense for the period includes current tax and deferred tax. Tax is recognized in the income statement unless it relates to the items recognized in other comprehensive income or directly in equity. In this case, the corresponding tax is recognized in other comprehensive income or directly in equity.

Current income tax expense is calculated based on tax regulations in force at the end of the reporting period. Management periodically evaluates positions in tax returns regarding situations in which applicable tax regulations are subject to interpretation. This constitutes provisions, where applicable, based on estimated amounts due to tax authorities.

Deferred income tax is recognized, based on the liability method, on temporary differences occurring between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred tax arising from the initial recognition of an asset or liability in a transaction other than a business combination and at the time of transaction affects neither the accounting profit nor taxable profit is not recognized. Deferred income tax is determined using tax rates (and laws) in force until the end of the reporting period and to be applied in the period in which the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent in which it is probable to obtain in the future taxable profit from which temporary differences will be deducted.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax liabilities current tax liabilities and when the deferred tax assets and liabilities relate to the income taxes imposed by the same tax authority or the same taxable entity, or different taxable entities where there is an intention to offset balances on a net basis.

2.18 Employee benefits

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees for health, pension and unemployment funds. All employees of the Company are members of the Romanian State pension plan, which is a fixed contribution plan. These costs are recognized in the income statement together with the salary expenses.

(a) *Obligations relating to pensions*

According to the collective bargaining agreement, the Company must pay to the employees upon the retirement a compensatory amount equal to the gross salary. The Company recorded a provision for such payments (see Note 5).

(b) *Other benefits*

The Company supports the personnel costs of providing benefits such as medical services. These amounts primarily include implicit costs of annual medical checks.

(c) *Termination of employment benefits*

According to the collective bargaining agreement, in the case of collective redundancies, the Company will provide compensation as follows, depending on the seniority of such employees:

- For a seniority up to 10 years, 3 basic salaries of the redundant;
- For a seniority between 10 years and 15 years, 5 basic salaries of the redundant;
- For a seniority between 15 and 20 years, 7 basic salaries of the redundant;
- For a seniority between 20 years and 25 years, 9 basic salaries of the redundant;
- For a working experience of 25 years, 12 basic salaries of the redundant;

(d) *Profit-sharing plans and bonuses*

The Company awards to employees, in addition to wages, additional bonuses resulte from the salary, bonuses of payroll, vouchers and holiday bonuses. Employees can benefit from employee participation in profits fund, up to 10% share of the net profit as decided by the General Meeting of Shareholders.

2.19 Provisions

Provisions for liabilities are recognized when the Company has a present, legal or constructive obligation, as a result of past events; it is probable that an outflow of resources will be required in settlement of the liability; the amount has been reliably estimated.

If there are several similar obligations, the likelihood that an outflow will be required to settle the obligation is determined taking into account the whole class of obligations. A provision is recognized even if the likelihood of an outflow for an individual element is reduced.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the normal course of business of the Company. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognizes revenue when their value can be estimated reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the activities of the Company, as shown below. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specifics of each engagement.

(a) *Sale of finished products*

The Company produces the full range of grinding wheels products, except super grinding wheels.

The main outlet market is the internal one, only max. 2% of deliveries being made in the foreign market.

The Company sells finished products through distributors, direct sales to business customers and through retail through its store.

Sales of finished goods are recognized when the Company has delivered products to customers.

The Company manages a store for the sale of grinding wheel products. Sales of products is recognized when the Company sells a product to a customer. Retail sales are usually paid in cash.

The finished products are often sold with volume discount. Sales are recorded based on the price specified in the sales and purchase agreement, net of estimated volume discounts and estimated returns at the time of sale. The experience gained is used for the estimation and provisioning for discount and returns Volume discount is estimated based on anticipated annual purchases. It is considered that there are no funding elements, as sales are made with a credit period of 60 days in accordance with the normal market practice.

(b) *Income from royalties*

Income from royalties are recognized on an accrual basis, according to the relevant contractual provisions.
The Company has leased real estate investments in order to obtain income

2.21 Interest income

Interest income is recognized using the effective interest method.

2.22 Dividend income

Dividend income is recognized when determining the entitlement to receive those amounts.

2.23 Leases

Leases for tangible assets where the Company undertakes all the risks and benefits of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lesser of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between liabilities and finance charges. Obligations related to rent, net of finance charges are included in other long-term liabilities. The interest element of the finance cost is recorded in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each period. Property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

Leases in which a significant portion of the risks and benefits of ownership is held by the lessor are classified as operating leases. Payments made under operating leases are recognized as an expense in the income statement on a straight line basis over the period of the lease.

2.24 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company shareholders.

(All amounts are expressed in RON unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

By the nature of the activities performed, the Company is exposed to various risks including: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments to hedge certain risk exposures.

(a) *Market risk*

(i) Foreign exchange risk

The Company is exposed to currency risk through exposure to different currencies, especially the USD and EUR. Currency risk is associated to assets and liabilities recognized, in particular loans.

The Company does not undertake formal action to minimize currency risk related to its operations; therefore, the Company does not apply hedge accounting against risk.

The following table shows the Company's exposure to possible changes in exchange rates applied at the end of the reporting period:

	On 31 December 2013			**On 31 December 2014**		
	Monetary financial assets	Monetary Financial liabilities	Net amount statement of financial position	Monetary financial assets	Monetary financial liabilities	Net amount statement of financial position
RON	6,788,501	4,687,724	2,100,777	7,622,620	4,505,275	3,117,345
EUR	123,802	3,352,413	(3,228,611)	130,257	2,960,745	(2,830,488)
USD	491	0	491	780	0	780
Total	6,912,794	8,040,137	(1,127,343)	7,753,657	7,466,020	287,637

The above analysis includes only monetary assets and liabilities items.

(All amounts are expressed in RON unless otherwise stated)

The following table shows the manner in which the items in the income and equity ranges based on a 10% change in exchange rates applied by NBR at the balance sheet in relation to the functional currency of the Company, with all other variables constant, as follows:

	2014	2013
EUR	4.9303	4.9332
USD	4.0555	3.5806

Impact on profit or loss account:

	2014
EUR increased by 10%	(283,049)

	2013
EUR increased by 10%	(322,861)

(ii) Interest rate risk

The Company is exposed to interest rate risk through its long and short term loans, most of which have variable rates, related to ROBOR index for RON loans, EURIBOR or EURLIBOR for loans in EUR.

The Company has entered into interest-bearing loan agreements with Unicredit Tiriac Bank, Piraeus Bank Romania and Banca Comerciala Feroviara.

Credit lines undertaken with BRD-GSG were fully repaid by February 2014 and the loan agreements with the other three banks are still in force. Interest rates are:

- On 31 December 2013

Financial institution	Currency	Interest rate	Threshold	Loan balance on 31 December 2013 (RON)
BRD	RON	ROBOR 3M + 2.5%	1,087,000	30,288
Unicredit Tiriac Bank	EUR	EURLIBOR O/N + 4.3%	800,000	574,035
Unicredit Tiriac Bank	RON	ROBOR O/N + 3.2%	800,000	104,829
Piraeus Bank Romania	RON	ROBOR 3M+3.5%	1,600,000	97,253
Piraeus Bank Romania	EUR	EURIBOR 3M+4.5%	370,000	1,599,416
Banca Comerciala Feroviara	RON	ROBOR 3M+4.75%	1,000,000	828,829

(All amounts are expressed in RON unless otherwise stated)

- On 31 December 2014

Financial institution	Currency	Interest rate	Threshold	Loan balance on 3[illegible] December 2014 (RON[illegible]
Unicredit Tiriac Bank	EUR	EURLIBOR O/N + 4.3%	800,000	585,23[illegible]
Unicredit Tiriac Bank	RON	ROBOR O/N + 3.2%	800,000	167,11[illegible]
Piraeus Bank Romania	RON	ROBOR 3M+3.5%	1,600,000	503,426
Piraeus Bank Romania	EUR	EURIBOR 3M+4.5%	370,000	1,654,408
Banca Comerciala Feroviara	RON	ROBOR 3M+4.00%	1,000,000	168,926

On 31 December 2014, a possible increase in the interest rate of 1% would have an effect on the income statement of RON 1,674.

(b) *Credit risk*

Credit risk is mainly related to cash and cash equivalents and trade receivables. The Company has developed a number of policies whose application ensures that the sales of products and services takes place to adequate customers. The carrying amount of receivables, net of provisions for doubtful debts, represents the maximum exposure to credit risk.

The credit risk of trade receivables that are not impaired, but not outstanding, can be assessed through internal analysis since there is no information about external risk indicators for customers.

	31 December 2013	31 December 2014
Clients for which the recovery of claims is under 30 days	2,283,975	2,488,970
Clients for which the recovery of claims is between 30 and 90 days	2,407,449	2,927,276
Clients for which the recovery of claims is between 90 and 180 days	519,193	550,023
Total	5,210,617	5,966,269

Although the collection of receivables could be influenced by economic factors, management believes that there is not a significant risk of loss exceeding the provisions already created.

Cash is placed with financial institutions which, at the time of creation, were considered to present a minimal risk of default.

(All amounts are expressed in RON unless otherwise stated)

Bank's financial indicators	Bank	31 December 2013	31 December 2014
D-	Raiffeisen Bank	223	3,946
E+	BRD	17,130	46,950
n/a	Treasury	3,071	4,235
E+	BCR	96,758	110,285
n/a	Unicredit Tiriac Bank	-	-
n/a	Piraeus Bank Romania	101	728
Total		117,283	166,144

Where:

Financial institutions quoted with indicator D shows a modest financial power, with a possible need for external support and the financial institutions listed with indicator E shows a very modest financial strength with a high probability of external support needed periodically.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Forecasts of cash flows are made by the Company's finance department, which monitors forecasts of the Company's liquidity needs to ensure that there is sufficient cash to meet the operational requirements, while always maintaining a sufficient margin in undrawn committed lending facilities, so the Company does not violate the limits of loans or arrangements relating to loans for all credit facilities.

The maturity of financial liabilities is analyzed in the table below:

	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
On 31 December2013				
Loans (Note 14)	3,234,652	-	-	-
Financial lease (Note 15)	36,332	4,537	-	-
Trade payables and of other nature (Note 16)	4,764,616	-	-	-
Total	**8,035,600**	4,537	-	-

(All amounts are expressed in RON unless otherwise stated)

On 31 December2014				
Loans (Note 14)	3,079,102	-	-	-
Financial lease (Note 15)	40,656	17,624	-	-
Trade payables and of other nature (Note 16)	4,276,351	-	-	-
Current income tax	52,287			
Total	7,448,396	17,624	-	-

3.2 Capital management

Company's capital management objectives aim at protecting the ability of the Company to continue its work in the future, so as to bring profit to shareholders and benefits to other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

Like other companies operating in this sector, the Company monitors the capital on the basis of indebtedness indicator. This indicator is calculated by dividing the net debt to the total capital. Net debt is calculated by subtracting from the total loans (including "current and long-term loans", as shown in the statement of financial position) cash and cash equivalents. Total capital is calculated by adding the "equity" in the statement of financial position net debt.

In 2014 the Company's strategy, unchanged from 2013, was to maintain the indebtedness coefficient as low as possible to maintain the significant ability to borrow funds for future investment if and when necessary.

Indebtedness indicators on 31 December 2014 and 2013 were as follows:

	2013	2014
Total loans	3,275,521	3,137,382
Less: cash and cash equivalents	143,470	182,660
Total liability	3,132,051	2,954,722
Total equity	51,772,365	52,465,075
Total equity and liabilities	54,904,416	55,419,797
Indebtness ratio	6%	6%

3.3 Fair value measurement

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined by using the valuation techniques.

It is considered that the carrying value minus the provision for impairment of trade receivables and payables approximates their fair values. The fair value of financial liabilities with a settlement period of more than 6 months is estimated by discounting the future contractual cash flows at the current interest rate on the market available to the Company for similar financial instruments.

Fair value measurement is performed taking into account the following hierarchy:

a) level 1 - prices quoted in active markets for identical assets and liabilities
b) level 2 - data other than quoted prices that are observable for the asset or liability
c) level 3 - data for assets and liabilities that are not based on observable market data

Presentation at the fair value of financial assets and financial liabilities on 31 December 2014:

	Level 1	Level 2	Level 3
Financial assets:			
Cash and cash equivalent	182,660	-	-
Receivables and other receivables	-	7,570,997	-
Financial liabilities:			
Loans	-	3,119,758	-
Trade payables and other nature	-	4,276,351	-
Current income tax	-	52,287	-

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the given circumstances.

4.1 Critical accounting estimates and assumptions

The Company develops estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. Estimates and assumptions for which there is a considerable risk to cause significant adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income tax

The Company is subject to income tax in one jurisdiction (Romania). There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities to financial audit based on estimates predict whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the assets and liabilities of current and deferred income tax in the period in which this determination is performed.

(b) Pension-related benefits

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company uses the NBR benchmark interest rate as the discount rate for pension obligation at the end of each year.

5. APPLICATION FOR THE FIRST TIME OF IFRS

On 31 December 2012 the Company prepared the first financial statements under IFRS.
In preparing the statement of financial position according to IFRS on 1 January 2011 and 31 December 2011, the Company adjusted amounts reported previously in financial statements prepared in accordance with the Oreder of the Ministry of Public Finance 3055/2009.
The main restatement adjustments under IFRS of financial statements in accordance with the Oreder of the Ministry of Public Finance 3055 were as follows:

a) Tangible assets

The Company has not calculated in previous periods depreciation expenses of tangible conservation. When adopting IFRS, tangible assets kept in storage still pays off for as long as they have not been used.

In order to present them at the fair value, the Company land have undergone revaluation. This revaluation was conducted at the end of 2010 and at te end of 2011 and 2012.

The remaining categories of tangible assets did not record significant fluctuations in fair value until the end of 2012, their results are properly reflected in the financial statements.

b) Investment property

On adoption of IFRS, the Company applies the fair value method of presentation of buildings listed in this category. The depreciation expense is no longer recognized, and investment property is subject to a reassessment at the end of each financial year for the recognition at fair value. Revaluation is recognized in the income statement.

c) Provisions for leaves not taken

The Company estimates for the days of leaves not taken and for the year ended, a provision for the registration of the salary expenditure in the corresponding period.

(All amounts are expressed in RON unless otherwise stated)

5. APPLICATION FOR THE FIRST TIME OF IFRS (CONTINUED)

d) Provision for pensions

According to the Collective Bargaining Agreement, each employee receives compensation equal to a salary upon retirement. In recognition of this expenditure, the Company recorded a provision for the entire period in which the employee works in the Company. The value of this provision is up to date using the reference rate of interest according to NBR.

e) Recognition of an asset or deferred tax liabilities (IAS 12)

When adopting the IFRS, the Company calculates and records the deferred tax impact, determined based on temporary differences between accounting and tax basis of balance sheet items.

6. TANGIBLE ASSETS

Movements of tangible assets are as follows:

	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress	Total
On 1 January 2013					
Cost or valuation	45,370,563	21,550,210	169,674	139,144	67,229,591
Accumulated depreciation	(8,968,981)	(16,639,161)	(111,171)	-	(25,719,313)
Net accounting value	36,401,582	4,911,049	58,503	139,144	41,510,278

(All amounts are expressed in RON unless otherwise stated)

6. TANGIBLE ASSETS (CONTINUED)

Year closed on 31 December 2013

	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress	Total
Initial net accounting value	36,401,582	4,911,049	58,503	139,144	41,510,278
Inflows	754,454	105,690	7,848	168,541	1,036,533
Transfers	35,078	139,651	6,870	(181,599)	-
Gain on revaluation	-	-	-	-	-
Loss on revaluation	-	-	-	-	-
Outflow, net	-	(15,553)	-	-	(15,553)
Transfers to investment property	-	-	-	-	-
Expense on depreciation	(443,645)	(1,175,388)	(11,551)		(1,630,584)
Depreciation of fixed assets in conservation	(92,388)	-	-	-	(92,388)
Net final accounting value	36,655,081	3,965,449	61,670	126,086	40,808,286

On 31 December 2013	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress	Total
Cost or valuation	46,160,095	21,566,072	184,392	126,086	68,036,645
Accumulated depreciation	(9,505,014)	(17,600,623)	(122,722)	-	(27,228,359)
Net accounting value	36,655,081	3,965,449	61,670	126,086	40,808,286

(All amounts are expressed in RON unless otherwise stated)

6. TANGIBLE ASSETS (CONTINUED)

Year closed on 31 December 2014

	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress and advances	Total
Initial net accounting value	36,655,081	3,965,449	61,670	126,086	40,808,286
Inflows	-	185,160	3,643	938,974	1,127,777
Transfers	44,358	94,297	6,002	(144,657)	-
Gain on revaluation	-	-	-	-	-
Loss on revaluation	-	-	-	-	-
Outflows, net	-	(2,750)	-	(68,892)	(71,642)
Transfers to investment property	-	-	-	-	-
Expense on depreciation	(449,289)	(1,123,864)	(13,164)	-	(1,586,317)
Depreciation of fixed assets in conservation	(92,388)	-	-	-	(92,388)
Net final accounting value	36,157,762	3,118,292	58,151	851,511	40,185,716

On 31 December 2014	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress and advances	Total
Cost or valuation	46,204,453	21,839,067	194,037	851,511	69,089,068
Accumulated depreciation	(10,046,691)	(18,720,775)	(135,886)	-	(28,903,352)
Net accounting value	36,157,762	3,118,292	58,151	851,511	40,185,716

Fair value of tangible assets

An independent assessment of land, buildings and other categories of property and equipment was conducted by an independent auditor to determine the fair value of tangible assets on 31 December 2012. The net revaluation surplus was recorded in other comprehensive income and presented in "other reserves" in equity.

(All amounts are expressed in RON unless otherwise stated)

On 31 December 2014 a market study conducted by an independent auditor concluded that there are no significant variations of fair values for land, buildings and special constructions, the property of the Company between December 2012 and December 2014.

Presentation of the fair value of tangible assets on 31 December 2014:

	Level 1	Level 2	Level 3
Land	-	26,553,821	-
Buildings and special constructions	-	9,603,941	-
Total land and buildings	-	**36,157,762**	-
Equipment and vehicles	-	**3,118,292**	-
Furniture, fixtures and equipment	-	**58,151**	-

Vehicles and equipment include the following amounts for which the Company is the lessee, within finance leases:

	2013	2014
Cost	462,547	192,238
Accumulated depreciation	237,825	41,912
Net accounting value	224,722	150,326

For committed appropriations, the Company recorded the following guarantees over the tangible assets:

Buildings

	2013	2014
Cost	18,390,847	11,193,686
Accumulated depreciation	7,027,658	4,647,774
Net accounting value	11,363,189	6,545,912

Land related:

	2013	2014
Cost	17,428,025	12,750,869

(All amounts are expressed in RON unless otherwise stated)

- The following tangible assets (land and buildings) are pledged as security for the loan contracts that the Company has with financial institutions Unicredit Tiriac Bank Cluj, Piraeus Bank Romania Cluj and Banca Comerciala Feroviara, Cluj:

No.	Subject matter of mortgage or pledge	Value of mortgage or pledge	Beneficiary of mortgage or pledge	Mortgage rank
1.1	Land with building located in 1 Mai Square no. 3 registered in Cluj-Napoca Land Register 261371 (from the conversion from paper of LR 134163)	RON 800,000 + interest and associated fees	UNICREDIT TIRIAC BANK	I
1.2	Land with building located in 1 Mai Square no. 3 registered in Cluj-Napoca Land Register CF 259641 (p from the conversion from paper of LR 155326N)	RON 1,600,000 + interest and associated fees EUR 370,000 + interest and associated fees	PIRAEUS BANK ROMANIA SA PIRAEUS BANK ROMANIA SA	I
1.3	Land with building located in 1 Mai Square no. 3 registered in Cluj-Napoca Land Register 305138 and 305138-C1-U1 (from the conversion from paper of LR 697N and 699N)	RON 1,000,000 + interest and associated fees	BANCA COMERCIALA FEROVIARA SA	
2.1	Pledge on current and future available funds / credit balances on present and future accounts and sub-accounts opened at the bank under the Agreement pledge, registered with the Electronic Archive of Pledges	RON 800,000 + interest and associated fees	UNICREDIT TIRIAC BANK	
2.2	Pledge on current and future available funds / credit balances on present and future accounts and sub-accounts opened at the bank under the Agreement pledge, registered with the Electronic Archive of Pledges	RON 1,600,000 + interest and associated fees EUR 370,000 + interest and associated fees	PIRAEUS BANK ROMANIA SA PIRAEUS BANK ROMANIA SA	
2.3	Pledge on current and future available funds / credit balances on present and future accounts and sub-accounts opened at the bank under the Agreement pledge, registered with the Electronic Archive of Pledges	RON 1,000,000	BANCA COMERCIALA FEROVIARA SA	

In February 2014 the credit line committed at BRD GSG Cluj was fully repaid and they proceeded to the cancellation of the related guarantees.

(All amounts are expressed in RON unless otherwise stated)

The carrying amount that would have been recognized had the assets would have been recorded under the cost model are shown in the table below. This cost represents the cost at the date of transition to IFRSs.

Description	Land and buildings	Equipment and vehicles	Furniture, facilities and equipment	Tangible asset in progress and advances	Total
Year closed on 31 December 2013					
Cost	49,997,123	18,318,932	184,392	126,086	68,626,533
Accumulated depreciation	9,728,432	15,190,881	122,722	0	25,042,035
Net accounting value	40,268,691	3,128,051	61,670	126,086	43,584,498
Year closed on 31 December 2014					
Cost	50,041,481	18,594,512	194,037	851,511	69,681,541
Accumulated depreciation	10,306,648	15,876,092	135,886	0	26,318,626
Net accounting value	39,734,833	2,718,420	58,151	851,511	43,362,915

7. INTANGIBLE ASSETS

	Trademarks and Licenses
On 01 January 2013	
Cost or valuation	168,558
Accumulated depreciation	(167,792)
Net accounting value	766
Year closed on 31 December 2013	
Initial net accounting value	766
Inflows	9,578
Depreciation expense	(6,666)
Final net accounting value	3,678
On 31 December 2013	
Cost or valuation	178,136
Accumulated depreciation	(174,458)
Net accounting value	3,678

(All amounts are expressed in RON unless otherwise stated)

Year closed on 31 December 2014

Initial net accounting value	3,678
Inflows	1,548
Depreciation expense	(4,656)
Final net accounting value – intangible assets	**570**

Tangible assets in progress - initial	10,516
Inflows	7,625
Accounting value –intangible assets in progress	**18,141**

8. INVESTMENT PROPERTY

On 01 January 2013	**Buildings**
Cost or valuation	3,736,078
Net accounting value	3,736,078
Inflows	-
Earnings / (loss) from fair value	-
Outflows	-
Final net accounting value	3,736,078
On 31 December 2013	
Cost or valuation	3,736,078
Net accounting value	3,736,078
Year closed on 31 December 2014	**Buildings**
Inflows	-
Earnings / (loss) from fair value	-
Outflows	-
Final net accounting value	3,736,078
On 31 December 2014	
Cost or valuation	3,736,078
Net accounting value	3,736,078

(All amounts are expressed in RON unless otherwise stated)

9. FINANCIAL INSTRUMENTS

	31 December 2013	31 December 2014
Active		
Receivables and other receivables	6,769,324	7,570,997
Cash and cash equivalents	143,470	182,660
Total Assets	6,912,794	7,753,657
Liabilities		
Loans	3,270,984	3,119,758
Trade payables and otherwise	4,764,616	4,276,351
Current income tax	-	52,287
Total Liabilities	8,035,600	7,448,396

Accounting classifications and fair values:

31 December 2014	Note	Amortized cost	Total carrying amount	Fair value
Financial assets (RON)				
Cash and cash equivalents	12	182,660	182,660	182,660
Receivables and other receivables	11	7,570,997	7,570,997	7,570,997
Total Financial Assets		7,753,657	7,753,657	7,753,657
Financial liabilities (RON)				
Loans	14	3,119,758	3,119,758	3,119,758
Trade payables and otherwise	16	4,328,638	4,328,638	4,328,638
Total Financial Liabilities		7,448,396	7,448,396	7,448,396

10. INVENTORY

	31 December 2013	31 December 2014
Materials	3,318,409	3,501,648
Inventory items	91,875	100,025
Finished goods	7,697,969	7,287,428
Goods	331,765	358,433
Provisions on impairment of inventories	(113,312)	(61,266)
Total inventories	11,326,706	11,186,268

(All amounts are expressed in RON unless otherwise stated)

	31 December 2013	31 December 2014
On 1 January	127,051	113,312
Provisioned during the year (Note 15)	-	-
Reversal	(13,739)	(52,046)
On 31 December	113,312	61,266

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 December 2013	31 December 2014
Customer receivables	6,910,606	7,700,667
Provisions on impairment of receivables from customers	(276,771)	(232,017)
Trade receivables and other receivables	6,633,835	7,468,650
Deferred charges	90,336	89,624
Other receivables	46,022	15,734
Other long-term receivables (on a period exceeding 3 months)	1,850	614
Provisions on impairment of other receivables	(3,625)	(3,625)
Current income tax to be recovered	906	-
Total	135,489	102,347
Total receivables after provisioning	6,769,324	7,570,997

The fair value of receivables and other receivables is equal to their nominal value.

Trade receivables and other receivables are denominated in the following currencies:

	31 December 2013	31 December 2014
RON	6,662,032	7,442,085
EUR	107,292	128,912
Other currencies (USD, GBP)	-	-
Total receivables	6,769,324	7,570,997

(All amounts are expressed in RON unless otherwise stated)

The analysis or receivables by maturity is presented in the following table:

	31 December 2013	31 December 2014
During the maturity period	5,210,617	5,966,269
Maturity period exceeded but without the risk of depreciation	1,558,707	1,604,728
Total	6,769,324	7,570,997

The analysis on the seniority of outstanding receivables, but not provisioned are as follows:

	31 December 2013	31 December 2014
Up to 3 months	1,468,587	1,479,391
Between 3 and 6 months	62,623	89,640
More than 6 months	27,497	35,697
Total	1,558,707	1,604,728

The analysis of provision movement for the amortization of receivables:

	31 December 2013	31 December 2014
On 1 January	332,736	280,396
Receivables provisioned during the year	93,870	22,875
Provision reversal	(146,210)	(67,630)
On 31 December	280,396	235,641

12. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2014
Cash in hand and in bank	143,470	182,660
Performance guarantees under 3 months	-	-
Cash collateral at the bank - letters	-	-
Other cash equivalents	-	-
Short-term deposits	-	-
Total	143,470	182,660

(All amounts are expressed in RON unless otherwise stated)

	31 December 2013	31 December 2014
Cash in hand and in bank in RON	126,469	180,535
Cash in hand and in bank in USD	491	780
Cash in hand and in bank in EUR	16,510	1,345
Short-term deposits in EUR	-	-
Total	143,470	182,660

Bank	31 December 2013	31 December 2014
Raiffeisen Bank	223	3,946
BRD	17,130	46,949
Trezorerie	3,071	4,235
BCR	96,758	110,285
Unicredit Ţiriac Bank	-	-
Piraeus Bank Romania	101	729
Cash in hand and other cash equivalent	26,187	16,516
	143,470	182,660

	31 December 2013	31 December 2014
Cash and cash equivalents	143,470	182,660
Total current portions of loans	3,234,652	3,079,102
	3,378,122	3,261,762

13. EQUITY

	31 December 2013	31 December 2014
Share capital	9,705,998	9,705,998
Adjustments of share capital	-	-

	Value	Number of shares	Value of share (RON)	Percentage of ownership(%)
Popa Gheorghe Titus Dan	1,459,170	583,668	2,5	15,0337
Ionescu Mircea-Pietro	1,458,427	583,371	2,5	15,0260
S.C. ELECTROARGEŞ S.A.	1,527,833	611,133	2,5	15,7411
Individuals	3,586,908	1,434,763	2,5	36,9556
Legal entites	1,673,660	669,464	2,5	17,2436
Total	9,705,998	3,882,399		100

At the time of transition to IFRS, the Company calculated and recognized the hyperinflationary economy by applying IAS 29.

The restatement was calculated using the evolution of the consumer price index ("CPI") published by the National Statistics Institute ("NIS"). The indices used, determined on the corresponding prices for December 1990 (1990 = 100) for 13 years and conversion factors were the following:

Month, Year	Movements in consumer price indices	Index	Conversion Factor
February 1991	7.0%	123	1.363
March 1996	1.7%	8,291	20.19
February 2001	2.3%	101,419	1.65
August 2003	0.28%	157,446	1.06

DIVIDENDS

During 2014 the Company distributed dividends to owners based on the Resolution of the General Meeting of Shareholders No. 1 of 29 April 2014, in total amount of RON 388,240, as follows:
- RON 77,648 from retained earnings of 2012 (gross dividend RON 0,02 / share)
- RON 310,592 net profit of 2013 (gross dividend RON 0.08 / share)

(All amounts are expressed in RON unless otherwise stated)

14. LOANS

	31 December 2013	31 December 2014
Loans from banks	3,234,652	3,079,102
Loans from shareholders	-	-
Total loans	3,234,652	3,079,102
Current portion of loans	3,234,652	3,079,102
Long-term portion– loans from banks	-	-
	3,234,652	3,079,102

The fair value of loans at the end of each reporting period coincides with their carrying amount at that date.

	31 December 2013	31 December 2014
RON	1,061,200	839,462
EUR	2,173,452	2,239,640
	3,234,652	3,079,102

The effective average annual interest rate on bank loans for the year 2014 was of 5.30% (for the year 2013 being 4.94%).

15. FINANCE LEASE

	31 December 2013	31 December 2014
Up to one year	36,332	40,656
Between 1 year and 5 years	4,537	17,624
Current value of finance lease	40,869	58,280

	31 December 2013	31 December 2014
Up to one year	36,639	40,656
Between 1 year and 5 years	4,537	17,624
Future finance charges	(307)	0
Current value of finance lease	40,869	58,280

The effective average annual interest rate of the finance lease for the year 2014 was of 0,32% (for the year 2013 was of 3,25%).

(All amounts are expressed in RON unless otherwise stated)

16 . Suppliers and other creditors

	31 December 2013	31 December 2014
Suppliers	2,128,538	1,432,185
Amounts owed to personnel	569,860	559,096
Interest payable	2,440	489
Dividends payable	1,332,544	1,505,825
VAT payable	302,864	363,861
Other liabilities to the State	340,768	319,519
Deferred income	-	-
Customers in credit and sundry creditors	84,272	92,467
Inventory surpluses in the form of noncurrent assets	3,330	2,909
Total	4,764,616	4,276,351

	31 December 2013	31 December 2014
EUR	1,134,772	662,825
USD	-	-
RON	3,629,844	3,613,526
	4,764,616	4,276,351

17. ANALYSIS OF REVENUE BY CATEGORY

	31 December 2013	31 December 2014
Revenue from sale of finished goods	26.695.828	28.795.555
Revenue from sale of goods	683.522	688.648
Revenue from services rendered	165.096	168.354
Total	27.544.446	29.652.557

Other operating income

	31 December 2013	31 December 2014
Gain / (loss) from sale of fixed assets	(30)	(2.750)
Other income	174.933	70.842
Rental income	928.728	1.118.422
Total	1.103.631	1.186.514

(All amounts are expressed in RON unless otherwise stated)

18. WAGES AND OTHER COSTS RELATED

	31 December 2013	31 December 2014
Salary expenses	8,554,951	9,261,542
Salary contribution expenses	2,393,271	2,453,733
Employee luncheon vouchers	422,577	446,640
Total	11,370,799	12,161,915

	31 December 2013	31 December 2014
Average number of employees	216	222
Number of employees	229	234
Salary of administrative staff (managers, including related social contributions)	1,296,306	1,276,401
Board of Directors (including related social security contributions)	768,212	852,548

(All amounts are expressed in RON unless otherwise stated)

19. OTHER OPERATING EXPENSES

	31 December 2013	31 December 2014
Other third party services expenses	839,964	731,402
Royalties and rental expenses	43,902	125,602
Utilities expenses	1,792,694	1,789,228
Maintenance and repair expenses	329,340	386,351
Insurance expenses	60,983	84,811
Damages and penalties expenses	1,228	349
Other provisions expense / (reversal)	-	-
Net provision for receivables expense / (reversal)	(52,340)	(44,755)
Postage and other fees	54,349	54,127
Expenses on commissions and fees	125,517	180,765
Entertainment, advertising and publicity expenses	39,510	139,293
Net (gain) / loss from exchange differences from operating activities	(4,498)	17,772
Net provision for slow moving inventories or impaired expense / (reversal)	(13,739)	(52,045)
Banking and related expenses	82,163	55,536
Travel expenses	73,210	157,498
Other operating expenses	516,437	524,948
Shipping costs	203,450	209,310
Total	4,092,170	4,360,192

Starting March 2014, the Company has in progress an operating lease, under which in 2014 recorded rent expense amounting to RON 105,162.
The subject matter of the lease is a Land Rover vehicle, which is available to members of the Board of Directors.
Payments to be made in the future during the contract period (January 2015-February 2017) amount to EUR 60,939.32, equivalent to RON 273,136 at the exchange rate on 31 December 2014 (4.4821).

(All amounts are expressed in RON unless otherwise stated)

20. FINANCIAL RESULT

	31 December 2013	31 December 2014
Interest expense		
- Loans	198,546	167,393
- Financial leases	2,976	155
Net result from exchange rate differences	47,876	18,464
Financial costs	249,398	186,012
Interest income	327	282
Other financial income	-	2
Other financial income	327	284
Net financial result	(249,071)	(185,728)

21. INCOME TAX

Description	31 December 2013	31 December 2014
Net income	359,181	1,042,168
Tax rate according to national regulations	16%	16%
Items similar to income	395,287	324,068
Items similar to expenses	(90,534)	(80,501)
Deductions	(1,873,403)	(1,864,513)
Non-taxable income	(162,478)	(107,921)
Non-deductible expenses	1,964,884	2,049,399
Total	592,936	1,362,700
Tax expense	(94,870)	(218,032)
Tax credit	18,974	43,606
Total	(75,896)	(174,426)
(Expense) / revenue with Deferred tax	(36,325)	(2,560)
(Expense) / revenue with income tax	(112,221)	(176,986)

(All amounts are expressed in RON unless otherwise stated)

21. INCOME TAX (CONTINUED)

	1 January 2013	Movement in deferred tax	31 December 2013	Movement in deferred tax	31 December 2014
Deferred tax assets	62,726	(44,511)	18,215	(378)	17,837
Deferred tax liabilities	(2,944,152)	74,871	(2,869,281)	36,599	(2,832,682)
Asset / (liability) from deferred tax - net	(2,881,426)	30,360	(2,851,066)	36,221	(2,814,845)

Deferred tax liabilities	Tangible assets	Provisions	Total
On 1 January 2013	(2,916,323)	(27,828)	(2,944,152)
Movement in deferred tax	66,685	8,186	74,871
On 31 December 2013	(2,849,638)	(19,642)	(2,869,281)

Deferred tax liabilities	Tangible assets	Provisions	Total
On 1 January 2013	53,337	9,389	62,726
Movement in deferred tax	(35,122)	(9,389)	(44,511)
On 31 December 2013	18,215	0	18,215
Asset / (liability) from deferred tax - net	(2,862,986)	(19,642)	(2,851,066)

Deferred tax liabilities	Tangible assets	Provisions	Total
On 1 January 2014	(2,849,638)	(19,642)	(2,869,281)
Movement in deferred tax	38,781	2,183	40,964
On 31 December 2014	(2,810,857)	(21,825)	(2,832,682)

(All amounts are expressed in RON unless otherwise stated)

Deferred tax liabilities	Tangible assets	Provisions	Total
On 1 January 2014	18,215	0	18,215
Movement in deferred tax	(378)	(0)	(378)
On 31 December 2014	17,837	0	17,837
Asset / (liability) from deferred tax - net	(2,793,020)	(21,825)	(2,814,845)

22. AFFILIATES

The list of Company affiliates is as follows:

Affiliate	Explanations
CARBOREF SA Cluj-Napoca	CARBOCHIM SA holds 25% of the share capital of CARBOREF SA. D-l Popoviciu Viorel is member of both the Board of Directors of CARBOCHIM SA (Board composed of 5 persons), and of CARBOREF SA (Board composed of 3 persons). Deliveries represent the equivalent rent and utilities under contract 2249 / 13 December 2012. Purchases are procurements of CARBOREF products for the purpose of selling as diverse goods or materials.
EURO CLUB SRL Timişoara	D-l Popa Dan – Director of CARBOCHIM SA holds 50% of EUROCLUB SRL and is the Director of EUROCLUB SRL together with another person. Deliveries are deliveries of grinding wheel products in order to sell them as authorized dealer (according to contract no. 35001/2008, and the addendum 18/2014).
AUTO EUROPA SRL Timişoara	D-l Popa Dan – Director of CARBOCHIM SA holds 50% of AUTOEUROPA SRLand is the Sole Director of AUTOEUROPA SRL
ELECTROARGES SA Curtea de Argeş	ELECTROARGES SA holds 15.74% of the CARBOCHIM SA share capital
SERVICE AUTOMOBILE 2 SA, Cluj-Napoca	Mr. Turcu Iacob Ovidiu – Director of CARBOCHIM SA holds 41.88% of SERVICE AUTOMOBILE 2 SA and is the representative of the Director of DACIA SERVICE CLUJ FELEAC
DACIA SERVICE CLUJ FELEAC SA, Cluj-Napoca	Mr. Turcu Iacob Ovidiu – Director of CARBOCHIM SA, starting 26 April 2013 he holds 95.66% of DACIA SERVICE FELEAC SA and is Director together with two persons

The analysis of balances and transactions with affiliates:

(All amounts are expressed in RON unless otherwise stated)

Balances on 1 January 2013	Receivables	Other receivables	Payables
CARBOREF SA	55,428	-	-
EURO CLUB SRL	200,125	-	-
FURBY SRL	4,711	-	-
AUTOEUROPA SRL	-	-	-
ELECTROARGES Sa	-	-	-
Total	260,264	-	-

Transactions carried out during 2013:	Sales	Expenses	Loans
CARBOREF SA	17,793	-	-
EURO CLUB SRL	1,185,806	905	-
FURBY SRL	-	-	-
AUTOEUROPA SRL	3,256	20,305	-
ELECTROARGES SA	-	-	-
SERVICE AUTOMOBILE 2 SA	-	5,830	-
DACIA SERVICE FELEAC SA	397	-	-
Total	1,207,252	27,040	-

Balances on 31 December 2013	Receivables	Other receivables	Payables
CARBOREF SA	56,173	3,625	-
EURO CLUB SRL	167,090	-	-
FURBY SRL	-	-	-
AUTOEUROPA SRL	-	-	4,225
ELECTROARGES SA	-	-	-
SERVICE AUTOMOBILE 2 SA	-	-	-
DACIA SERVICE FELEAC SA	-	-	-
Total	223,263	3,625	4,225

Transactions carried out during 2014:	Sales	Expenses	Loans
CARBOREF SA	16.550	1.352	-
EURO CLUB SRL	1,257,875	-	-
AUTOEUROPA SRL	-	14,093	-
ELECTROARGES SA	-	-	-
SERVICE AUTOMOBILE 2 SA	-	1,562	-
DACIA SERVICE FELEAC SA	816	378	-
Total	1,275,241	17,385	-

(All amounts are expressed in RON unless otherwise stated)

Balances on 31 December 2014	Receivables	Other receivables	Payables
CARBOREF SA	61,505	3,625	-
EURO CLUB SRL	217,148	-	-
AUTOEUROPA SRL	-	-	-
ELECTROARGES SA	-	-	-
SERVICE AUTOMOBILE 2 SA	-	-	-
DACIA SERVICE FELEAC SA	-	-	-
Total	278,653	3,625	-

On 31 December 2014 the Board of Directors of the Company has the following structure:

- Popoviciu Viorel Dorin, member of the Board of Directors and Chairman of the Board. Holds 113,854 shares.
- Popa Gheorghe Titus Dan, member of the Board of Directors. Holds 583,668 shares
- Ionescu Mircea Pietro, Member of the Board of Directors. Holds 583,371 shares.
- Turcu Iacob Ovidiu, Member of the Board of Directors. Holds 164 shares.
- Crisan Viorel Vasile, Member of the Board of Directors. Holds 4,584 shares.

The executive management of the Company is:

- Popoviciu Viorel Dorin, Chief Executive Officer
- Barabula Mihaela Maria, Chief Financial Officer
- Farcas Vasile, Sales-Marketing Director
- Carean Nastasia, Technical – Production Director

23. EARNINGS PER SHARE

Company shares are listed on the second category of BSE.

Basic earnings per share is calculated by dividing the profit attributable to the Company's equity holders of the average number of ordinary shares existing during the year. The diluted earnings per share coincides with the basic earnings per share.

(All amounts are expressed in RON unless otherwise stated)

	Year closed on 31 December 2013	Year closed on 31 December 2014
Profit attributable to equity holders of the Company	359,181	1,042,168
Weighted average of number of shares	3,882,399	3,882,399
Basic earnings and diluted earnings per share (RON per share)	0.09	0.27

24. CONTINGENCIES

Litigation

The Company is subject to a number of lawsuits, most representing insolvency proceedings of doubtful clients. The Company's management believes that these actions will not have a material adverse effect on the economic performance and financial position of the Company.

Taxation

The taxation system in Romania has undergone many changes in recent years and is under a phase of adaptation to the jurisprudence of the European Union. As a result, there are still different interpretations of tax law. In some cases, the tax authorities may have different approaches to certain issues, the calculation of additional taxes and interest and penalties for late payment (at present the late payment fee is of 0.02% per day of delay, plus default interest at the rate of 0.04% per day of delay -up to 31 December 2013 and 0.03% per day of delay since 2014). In Romania, the tax year remains open for tax inspection for 5 years. The Company's management believes that tax liabilities included in these financial statements are appropriate.

Tax legislation existing at the time of preparation of financial statements for companies reporting under the International Financial Standards is in an early stage of development. As a result, it is possible that the tax authorities have different interpretations from those included in these financial statements. Since the Company maintains the revaluation method for tangible assets, and also in order to reduce the tax related risk, the Company decided to keep the balance of the account 105 "Revaluation reserves" at the date of transition to IFRS, the existing amounts in this account on 31 December 2010 in the financial statements prepared according to the Order of the Ministry of Public Finance 3055/2009.

Financial crisis

Recent volatility in international and Romanian financial markets:

The current global liquidity crisis that began in mid-2007 resulted in, among other things, a low level of capital market funding, lower liquidity levels in the financial sector and occasionally higher interbank lending rates and volatility very high stock exchanges. Also, the RON exchange rate volatility and the main currencies used in international trade was very high. Currently, the full impact of the current financial crisis is still impossible to predict and totally preventable.

Management is unable to reliably estimate the effects on the financial position of the Company to a potential decrease in liquidity of financial markets, an increase in the volatility of the exchange rate of the national currency and the continuation of the recession. The management believes that it has taken all the necessary measures to ensure the continuity of the Company under current conditions.

Revaluation of properties held at fair value

The real estate market in Romania has been severely affected by the recent volatility in financial markets which resulted in restricting access to credit for companies and individuals. Therefore, the accounting value of tangible assets at fair value has been updated to reflect the market conditions at the balance sheet date. Due to the volatility of the real estate market in Romania, it is possible that the fair values of the Company's assets relating to property be modified in the future.

25. SUBSEQUENT EVENTS

On 29 April 2014 the Extraordinary General Meeting of Shareholders approved the Company's share capital increase from RON 16,111,955 to RON 9,705,997.50. The share capital increase was to be accomplished as contribution in cash with the amount of RON 6,405,958, representing the issuing of a total of 2,562,383 new shares with a nominal value of RON 2.5 per share.

On 26 January 2015, the Board of Directors decided to validate a number of 1,047,776 subscription shares with a nominal value of RON 2.5 each and a total subscription valu of RON 2,619,440 and the cancellation of a total of 1,514,607 shares not subscribed.

At the same time, it properly approved the amendment of Art. 7 The share capital of the Company Memorandum of Asociation, as follows:
"The share capital of the Company is RON 12,325,437.50, divided into 4,930,175 shares with a nominal value of RON 2.5 each."

In the current report issued on 18 March 2015 to post the agenda related to the Ordinary General Meeting of Shareholders on 28 April 2015, shall be submitted for approval:
- distribution of the net profit of 2014, amounting to RON 1,042,168 as follows: the legal reserves amounting to RON 60,958, dividends amounting to RON 936,733 (gross dividend RON 0.19 / share) and own financing sources (reserves) amounting to RON 44,477.