CARBOCHIM S.A.

INDIVIDUAL FINANCIAL STATEMENTS
31 DECEMBER 2015

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

CARBOCHIM S.A.

INDIVIDUAL FINANCIAL STATEMENTS

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INCOME AND EXPENDITURE SITUATION

(all amounts are expressed in RON unless otherwise specified)

	Note	31 December 2014	31 December 2015
Incomes	17	29.652.557	30.451.127
Other incomes	17	1,186,514	3,432,585
Variation in stocks of finished goods and production in progress		(392,588)	606,846
		30,446,483	34,490,558
Raw materials, merchandise and consumables used		(10,836,133)	(11,602,484)
Expenses with benefits employees	18	(12,161,915)	(13,280,985)
Expenses with amortization and depreciation		(1,683,361)	(1,577,397)
Other operational expenses	19	(4,360,192)	(4,550,084)
		(29,041,601)	(31,010,950)
Operational result		1,404,882	3,479,608
Financial income	20	284	17,466
Financing costs	20	(186,012)	(200,450)
Net financial result		(185,728)	(182,984)
Profit before tax		1,219,154	3,296,624
Expense with tax on income	21	(176,986)	(568,059)
Net profit of the year		1,042,168	2,728,565
Basic and diluted result per share (RON per share)	23	0,27	0,55

SITUATION OF THE GLOBAL OUTCOME

(all amounts are expressed in RON unless otherwise specified)

	Note	31 December 2014	31 December 2015
Other elements of the global result			
Profit of the year		1,042,168	2,728,565
Other elements of the global result:			
Gains/(losses) from revaluation of the assets		0	10,863,692
Change of the tax on deferred profit recognized in the revaluation reserve		38,781	(1,733,083)
Other elements of the overall outcome for the year, no taxes included		38,781	9,130,609
Total overall result of the year		1,080,949	11,859,174

(all amounts are expressed in RON unless otherwise specified)

	Note	31 December 2014	31 December 2015
ASSETS			
Fixed assets			
Investment in property	8	3,736,078	5,779,239
Other intangible assets	7	18,711	29,281
Tangible assets	6	40,185,716	52,512,913
Investment in equity instruments		38,000	38,000
Total fixed assets		43,978,505	58,359,433
Circulating assets			
Stocks	10	11,186,268	11,959,107
Commercial receivables	11	7,468,650	6,883,973
Other current assets	11	102,347	131,480
Current tax on profit to recover	11,21	-	27,080
Cash and cash equivalent	12	182,660	1,867,879
Total current assets		18,939,925	20,869,519
TOTAL ASSETS		62,918,430	79,228,952
EQUITY AND DEBTS			
Equity			
Share capital	13	9,705,998	12,325,438
Equity adjustments	13	-	-
Other components of equity		36,542,339	45,785,213
Retained earnings		6,216,738	7,896,305
Total equity		52,465,075	66,006,956
Long-term debts			
Long-term loans	14	-	-
Debts incurred in financial leasing	15	17,624	412,758
Long-term provisions	5	172,490	172,490
Debt related to deferred tax	21	2,814,845	4,909,676
Total long-term debts		3,004,959	5,494,924

(all amounts are expressed in RON unless otherwise specified)

	Note	31 December 2014	31 December 2015
Current debts			
Current part of the long-term loans	14	3,079,102	2,154,680
Current part of the debts related to the financial leasing	15	40,656	774,928
Commercial and other debts	16	4,276,351	4,797,464
Current tax on profit	16, 21	52,287	0
Total current debts		7,448,396	7,727,072
TOTAL DEBTS		10,453,355	13,221,996
TOTAL EQUITY AND DEBTS		62,918,430	79,228,952

The financial statements were authorized to be issued by the Board of Directors on 12 March 2016 and were signed on its behalf.

Popoviciu Viorel-Dorin — Barabula Mihaela-Maria

Director — Economic Manager

(all amounts are expressed in RON unless otherwise specified)

	Note	31 December 2014	31 December 2015
Cash flows from operational activities			
Collections from customers and other debtors		36,911,261	39,440,382
Payments to suppliers, employees and other creditors		(24,119,586)	(25,475,078)
Interest paid		(169,343)	(98,047)
Tax on income, social contribution, other taxes and duties paid		(11,077,886)	(11,559,342)
Net treasury from operational activities		1,544,446	2,307,915
		-	-
Cash flows from investment activities			
Payment for the purchase of shares		-	-
Payment for the purchase of fixed assets		(417,545)	(1,254,593)
Proceeds from the sale of fixed assets		-	-
Interest received		282	17,466
Dividends received		-	-
Net treasury from investment activities		(417,263)	(1,237,127)
Cash flows from financing activities			
Proceeds from issuance of shares		-	2,619,440
Proceeds from loans		41,532,156	28,957,654
Payment of debts incurred in financial leasing		(769,178)	(880,228)
Paid dividends		(163,265)	(192,245)
Repayments of some amounts borrowed		(41,687,706)	(29,890,190)
Net treasury from financing activities		(1,087,993)	614,431
Cash flows - total		39,190	1,685,219
Cash at the beginning of the period		143,470	182,660
Cash at the end of the period	12	182,660	1,867,879

(all amounts are expressed in RON unless otherwise specified)

	Notes	Share capital	Share capital adjustments	Other reserves	Retained earnings unassigned	Total equity
Balance on 1 January 2014		9,705,998	-	37,570,749	4,495,618	51,772,365
Net profit for 2014		-	-	-	1,042,168	1,042,168
Other global incomes for the period						
Allocation from the result of the year to the legal reserve		-	-	60,958	(60,958)	-
Movements in the revaluation reserve		-	-	-	-	-
Allocation from the profit of the previous year to other reserves		-	-	40,229	(40,229)	-
Achievements of revaluation reserve		-	-	(4,840)	4,840	-
Recovery of deferred tax on profit resulted from revaluation		-	-	38,781	-	38,781
Coverage of the forwarded loss from the transition to IFRS without IAS 29, from other other reserves - own financing sources and unassigned net profit		-	-	(1,163,540)	1,163,540	-
Transactions with shareholders						
Dividends paid to the company's shareholders		-	-	-	(388,239)	(388,239)
Total total global 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

SITUATIOON OF EQUITY CHANGES

(all amounts are expressed in RON unless otherwise specified)

	Notes	Share capital	Share capital adjustments	Other reserves	Retained result	Total equity
Balance on 1 January 2015		9,705,998	-	36,542,337	6,216,740	52,465,075
Profit for 2015		-	-	-	2,728,565	2,728,565
Other global incomes for the period						
Allocation from the result of the year to the legal reserve		-	-	73,674	(73,674)	-
Movements in the revaluation reserve		-	-	10,863,692	-	10,863,692
Allocation from the profit of the previous year to other reserves		-	-	44,477	(44,477)	-
Achievements of revaluation reserve		-	-	(5,885)	5,885	-
Deferred tax on profit resulted from revaluation		-	-	(1,733,083)	-	(1,733,083)
Transactions with shareholders						
Dividends paid to the company's shareholders		-	-	-	(936,733)	(936,733)
Share capital increase		2,619,440	-	-	-	2,619,440
Total total global profit		12,325,438	-	45,785,212	7,896,306	66,006,956
Balance on 31 December 2015		12,325,438	-	45,785,212	7,896,306	66,006,956

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

(all amounts are expressed in RON unless otherwise specified)

1. GENERAL INFORMATION

CARBOCHIM S.A. has been organized as a joint stock company since 1991, through the transformation of the former I.I.S. CARBOCHIM and has its registered office in Romania, Cluj-Napoca, no. 3, 1 Mai Square.

The company was founded in 1949, initially for the manufacturing of coal products, and through successive investments, the activity profile changed, leading to the manufacturing and sale of abrasive products: abrasive bodies with ceramic binder, abrasive bodies with Bakelite binder, abrasive bodies with elastic binder, abrasive bodies wit mineral binder, cutting and deburring abrasive disks, abrasive paper, cloth, paper - cloth combined and vulcano fiber. Also, the object of trade activity provides internal and external commercial activities, services on maintenance and repair of facilities, and rental of production and office areas.

CARBOCHIM SA is an open company, the company's shares being listed on the Bucharest Stock Exchange II.

On 31 December 2015, the structure of the holder of the financial instruments who have at least 10% of the share capital of Carbochim S.A. is as follows:

	% Number of shares	**Percentage of holding (%)**
IONESCU MIRCEA-PIETRO	1,238,396	25.1187
S.C. ELECTROARGEŞ S.A.	611,133	12.3958
POPA GHEORGHE TITUS DAN	583,668	11.8387
GAFENCU DAN NICOLAE	510,873	10.3622
Individuals	1,314,641	26.7058
Legal entities	669,464	13.5789
TOTAL	4,930,175	100

In 2015, the subscribed and paid up share capital increased from 9,705,998 RON to 12,325,438 RON, following the capital increase validated through the Decision of the Board of Directors no. 2 / 01.26.2015. By the subscription and payment of 1,047,776 new shares, the number of shares increased from 3,882,399 to 4,930,175.

CARBOCHIM S.A. holds participating interests in CARBOREF S.A. of Cluj-Napoca, of 25% of the share capital, the investment being 37,500 RON.

In 2005, CARBOCHIM S.A. participated as founding member of the Association for Manufacturers and Importers of Equipment for Wood Industry in Romania (A.P.I.E.L. - Romania), its contribution to the initial patrimony of the association being of 500 RON, which represents a participation of 7,14%.

CARBOCHIM S.A. has no subsidiaries or participations in the share capital of other companies except for those mentioned above.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Background of the preparation

The financial statements of Carbochim S.A. on 31.12.2015 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

The provisions of Order 1286/2012 of the Minister of Finances for the approval of the accounting regulations in compliance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as amended and supplemented.

For this purpose, the situation of the financial position, part of the annual financial statements
ended on 31 December 2015, includes information corresponding to the
end of the reporting financial year and the preceding financial year to the reporting one. Also, the situation of the global result includes information, corresponding to the current financial year and the previous financial year to the reporting one.

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the application of professional judgment by the management within the process of applying the Company's accounting policies. The areas involving a higher degree of complexity and application of these judgments, 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*

The accounting policies adopted are consistent with those used in the previous year.
The following standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union are in effect for the current period and have been adopted in the financial individual statements. The impact of these new and revised standards was

reflected in the financial statements and estimated as immaterial, except for the presentations made.

- IASB issued the Annual Improvements of IFRS - Cycle 2011-2013, which is a collection of IFRS changes:

IFRS 3 "Business Combinations". This improvement clarifies that IFRS 3 excludes from its scope the formation of a joint venture in the financial statements of the joint venture.

IFRS 13, "Assessing the fair value". This improvement clarifies that the scope of the exceptions to the portfolio, as defined in paragraph 52 of IFRS 13, excludes all contracts accounted for under scope of IAS 39. "Financial Instruments: recognition and assessment" or IFRS 9. The "Financial Instruments", whether or not they meet the definition of financial assets and financial liabilities as defined in IAS 32 "Financial Instruments: Presentation".

IAS.40. "Investment Property". This improvement clarifies that, to determine whether a particular transaction meets both the definition of a business combination as defined by IFRS 3 "Business Combinations", and of an investment property as defined in IAS 40 "Investment property", the application of the two standards should be achieved independently of one another.

- The following standards issued by the International Accounting Standards Committee were adopted by the European Union and are in force for the financial year beginning on 1 January 2014:

IFRS 10 „Consolidated financial statements" (effective since 1 January 2014), adopted by the EU on 11 December 2012, replaces sections of IAS 27 "Consolidated and Separate Financial Statements" that refers to the consolidated financial statements".
SIC 12 Consolidation - Special purpose entities - was withdrawn from issuing IFRS 10. In accordance with IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three 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 its authority over the investee entity to influence the value of the investor's results.
No impact on the financial statements.
IFRS 11, "Joint Commitments" (effective since 1 January 2014), adopted by the EU on 11 December 2012 replaces IAS 31 "Interests in Joint Ventures". IFRS 11 deals

with how the joint commitments in which two or several parties have joint control should be classified. SIC 13 Jointly Controlled Entities - the monetary contributions of joint ventures were withdrawn once with the issue of IFRS 11. In accordance with IFRS 11, the joint ventures are classified as joint operations or joint stock companies, according to the rights or obligations of the parties upon their 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, associations, 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 on 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. Also, the existing requirements of IAS 28 (2008) and IAS 31 for the separate financial statements were included in IAS 27 (2011). The standard does no longer refer to the control principle and the provisions related to the preparation of the consolidated financial situations, which were 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. Fixed assets held for the purpose of sale and interrupted activities shall apply to an investment or a part of an investment in an associated entity or association in participation that meets the criteria to be classified as investment owned for the purpose of sale. The equity method shall apply for any remaining part of the investment that was not classified as being held for sale, until the part classified as being held for the purpose of sale shall be assigned. After the assignment, any interest kept is accounted using the equity method if the interest kept continues to be an associate entity or a joint venture;
b) previously, IAS 28 (2008) and IAS 31 provided that the termination of the significant influence or joint control would start the re-measuring of any participation kept, in all situations, even if the significant influence was followed by control. At present, IAS 28 (2011) provides that in such scenarios, the interest kept in investment would not be re-measured.
No impact on the financial statements.
Amendments to IAS 32 "Financial instruments: presentation" - compensation of assets and financial debts published by IASB on 16 December 2011 (effective for

annual periods beginning on or after 1 January 2014). The changes provide clarifications regarding the application of the rules on compensation.
No impact on the financial statements.

Amendments to IAS 36 "impairment of assets" - information to be presented for the recoverable value related to the non-financial assets, published by IASB on 29 May 2013. (effective for annual periods beginning on or after 1 January 2014). These amendments to IAS 36 address the presentation of information relating to the recoverable value of the depreciated assets, if this amount is based on the fair value less selling costs. In drafting IFRS 13. Valuation at fair value, the IASB decided to amend IAS 36 for the purposes of the presentation of information concerning the recoverable value of the impaired assets. The current changes clarify the initial intent of IASB that the purpose of these presentations should be limited to the recoverable value of the impaired assets, which is based on the fair value less the selling costs.
No impact on the financial statements.

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

(b) *New standards, amendments and interpretations issued, but having no applicability for the financial year commencing on 1 January 2015, thus, not adopted:*

IFRS 9, "financial instruments" covers the classification, evaluation and recognition of financial assets and liabilities. The standard comes into force for annual period beginning on or after 1 January 2018 and early application is allowed. The final version of IFRS 9 reflects all stages of project concerning financial instruments and replaces IAS 39. Financial instruments: recognition and evaluation and all previous versions of IFRS 9. The standard introduces new requirements on classification and valuation, depreciation and hedge accounting against risks. This change has not yet been adopted by the EU.

Amendments to IAS 19 "Employee benefits" - determined plans and benefits: Employee contributions (effective for annual periods starting on or after 01 February 2015). The amendments relate to the contributions of the employees and third parties to determined benefit plans. The objective of the amendments is to simplify the accounting of contributions that are independent of the number of years in service, for example, employees' contributions that are calculated according to a fixed percentage of the wages. The company will analyze the impact of the application.

Amendments to various standards "IFRS improvements (2010-2012 cycle)" as a result of annual improvement plan of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38). These aim, first of all, to eliminate the inconsistencies and to clarify the formulations. (effective for annual periods beginning on or after 1 February 2015).

IAS 16. Tangible assets and IAS 38. Fixed assets. The modification concerns the clarification of the acceptable methods for depreciation. The change enters into force for periods beginning on or after 1 January 2016.

IFRS 11. Joint commitments (change): accounting for the acquisition of interests in joint operations. The change comes into force for periods beginning on or after 1 January 2016. IFRS 11 refers to the manner of accounting for interests in joint ventures and joint operations.

IFRS 14. Regulatory deferral accounts. The standard takes effect for periods beginning on or after 1 January 2016. The purpose of this standard is to improve the comparability of the financial reporting of the entities involved in activities wit regulated tariffs, by which the government agencies regulate the supply of certain types of activities and their related prices. These may include utilities, such as natural gas, electricity and water.

IFRS 15. Revenue from contracts with customers. The standard takes effect for periods beginning on or after 1 January 2018. IFRS 15 establishes a new model in five stages that will apply for the recognition of revenues from a contract concluded with a client (with limited exceptions), regardless of the type of transaction or industry.

IAS 27. Separate financial statements (amended). The amendment shall enter into force for annual periods beginning on or after 1 January 2016. This change will allow entities to use the equity method to account for the investments in subsidiaries, joint ventures and partners within their separate financial statements.

Amendment to IFRS 10. Consolidated financial statements and IAS 28. Investments in associated entities and joint ventures: sale of or contribution with assets between an investor and its associated entity or joint venture. The changes refer to the inconsistency identified between the requirements of IFRS 10 and IAS 28, in connection with the sale and contribution with assets between an investor and its associated entity or joint venture. In December 2015, IASB indefinitely postponed the coming into force of such amendment.

IFRS 10 ,IFRS 12 and IAS 28 : Investment entities: applying the exception from consolidation (changes). The changes refer to the three issues incurred in practice in connection with the application of the exception from consolidation for the investment entities. The changes are effective for annual periods beginning on or after 1 January 2016.

IAS 1. Disclosure initiative. Changes IAS 1. The presentation of financial statements encourage even more companies to apply professional reasoning when they determine the information that they need to submit and the way structure them within the financial statements. The changes are effective for annual periods beginning on or after 1 January 2016.
Changes refer to the threshold of significance, the order of notes, subtotals and disaggregation, the accounting policies and presentation of other elements of the overall result arising from investments accounted for according to the equity method.

IASB issued the annual improvements of IFRS - 2012 - 2014 cycle, which presents a collection of IFRS changes. The changes take effect for annual periods beginning on or after 1 January 2016.

- IFRS 5 Fixed assets held for the purpose of sale and discontinued activities. The amendment clarifies that the transition from one method of assignment to another (through assignment or distribution to the owners) should not be considered to be a new assignment plan but, rather, a continuation of the initial plan. Therefore, there is no disruption in the implementation of the requirements of IFRS 5.
- IFRS 7. Financial instruments: information to be provided. The amendment clarifies that a service contract that includes a fee may represent a continuing involvement in the financial asset. In addition, the amendment clarifies the fact that the information to be supplied in accordance with IFRS 7 concerning the compensation of financial assets and financial debts should not be included in the interim simplified financial report.
- IAS 19. Employee benefits: The amendment clarifies that the depth of the market for high-quality corporate bonds is assessed on the basis of the currency in which the obligation is expressed, rather than the country where the obligation is found.
- IAS 34. Interim financial reporting: The amendment clarifies that the interim information to be presented should either exist in the interim financial statements, or be included through cross references between the

interim financial statements and the specification of their inclusion in the extended financial report.

IFRS 16. Leasing contracts. The standard will come into force for annual periods beginning on or after 1 January 2019. The standard establishes the principles for the recognition, evaluation, presentation and description / supply of information about the leasing contracts of the two parties to a contract, that is, the client (the assignee) and supplier (the assignor). The new standard requires that the assignee shall be required to recognize most of the lease contracts in the financial statements. The assignees will have one accounting model for all contracts, with certain exceptions. The accounting of the assignor remains significantly unchanged.

2.2 Segment reporting

A segment of activity is a distinct component of the company:

a) that engages in business activities from which it may obtain incomes and from which, it may incur expenses,

b) whose results from activity are examined regularly by the main operational decision-making factor of the company for the purpose of taking decisions with respect to resource allocation on segment and assessment of the performance thereof, and

c) for which distinct financial information is available.

IFRS 8. Segments of activity must be applied to the separate financial statements of the company because its equity instruments are traded on a public market (BVB).

The presentation of information on products and services, as well as the geographical areas in which the company operates shall be mandatory, even for those entities that identify a single reportable segment of activity, taking into account the quantitative thresholds and aggregation criteria stipulated by the standard.

Taking into account the quantitative thresholds and criteria for aggregation provided by the standard, from the point of view of activity segments, the company does not identify separate components from the perspective of associated risks and benefits.

(all amounts are expressed in RON unless otherwise specified)

The presentation of geographical areas where the company operates:

Outlet market	Percentage (%)	Amount of incomes
External (Poland, Hungary, Germany, Belgium, Slovakia, the Czech Republic, Switzerland, the Netherlands)	2.00	634,314
Internal (Romania)	98.00	33,856,244
Total operational revenues	100.00	34,490,558

Presentation of information concerning the company's products and services:

Product or service	Percentage (%)	Amount of incomes
abrasive bodies	51.10	17,625,735
Abrasive on support	33.77	11,647,084
Other products	0.53	181,427
Rental income	3.79	1,307,942
Incomes of merchandise sale	2.31	796,717
Other revenue, including the variation of stocks of finished products and pending production	8.50	2,931,653
Total operational revenues	100.00	34,490,558

2.3 Foreign currency conversion

(a) Functional and presentation currency

Items included in the financial statements of the company shall be assessed in the currency of the primary economic environment where the entity operates (''functional currency''). The financial statements are presented in Romanian Leu (''RON''), which is the functional and presentation currency of the company.

The exchange rates on 31 December 2015 and 31 December 2014 are as follows:

	2015	2014
EUR	4,5245	4,4821
USD	4,1477	3,6868

(b) Transactions and balances

The transactions in foreign currencies are converted into the functional currency based on the exchange rate on the transaction date or the assessment of the elements that are reassessed. The gains and losses of the rate differences resulting from the performance of such transactions and from the conversion at the current exchange rate at the end-of-year monetary of the monetary assets and liabilities denominated in foreign currency, are recognized in the statement of revenues and expenditures, unless they are recorded in other elements of the overall result as financial instruments that may be designated as hedging instruments against the risk associated to the cash flows as well as financial instruments that may be designated as hedging instruments against the risks of the net investment.

The gains and losses from the exchange rate, which refer to loans and leasing, are presented in the statement of revenues and expenditures within "financial revenues or expenditures".

All other gains and losses from the exchange rate are presented in the statement of revenues and expenditures under "other net (losses) / gains".

2.4 Accounting for the hyperinflation effect

The Romanian economy experienced in the past high levels of inflation and it was considered to be hyperinflationary, as defined in IAS 29 "Financial reporting in hyperinflationary economies".

IAS 29 requires that the financial statements prepared in the currency of an hyperinflationary economy should be presented in terms of purchasing power on 31 December 2003. Therefore, the values reported in terms of purchasing power on 31 December 2003 are treated as the basis for the book values of these financial statements.

The restatement was calculated upon the first application of IFRS, using the the evolution of the consumer price index ("CPI"), published by the National Institute of Statistics ("INSSE").

2.5 Tangible assets

Lands and buildings include factories, commercial spaces and offices.
The other tangible assets represent mainly the technological equipment used in the production process.

All classes of fixed assets are presented on 31 December 2015 at fair value, determined by independent evaluators.
The revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ significantly from its book value. Any cumulative depreciation on the date of the revaluation is retreated proportionally with the change in the gross accounting value of the asset, so that the accounting value of the asset, after revaluation, should be equal to its revalued value.

Subsequent costs are included in the book value of the asset when it is probable that future economic benefits related to the item in question should return to the company, and the cost of the item may be measured reliably. The book value of the component being replaced is derecognized. All other repairs and maintenance costs are recorded in the statement of revenues and expenditures, in the financial period in which they are incurred.

The depreciation method used is the straight-line method.
The normal length of the fixed assets shall be determined according to the "Catalogue on classification and normal operating times of the fixed assets", approved through the Government Decision 2139/30.11.2004 updated. Considering that this catalogue provides a choice of normal operation life by choosing from a range with a minimum and a maximum value, the committee analyzed the technical conditions and the environment in which the fixed assets function and decided to use a life period equal to middle range.

The land is not depreciated. The depreciation of other assets is calculated using the linear method for the allocation of their cost or reevaluated value up to the level of residual value, for the estimated useful life period, as follows:

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

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

The book value of an asset is reduced immediately to its recoverable value if the book value of the asset is greater than its estimated recoverable amount.

Gains and losses from assignments are determined by comparing the amounts obtained from assignment with the book value and are recognized under "Other net (losses)/gains" in the statement of revenues and expenditures.

Upon the sale of reevaluated assets, the amounts included in other reserves are transferred in the forwarded result.

2.6 Intangible Assets

(a) Trademarks and licenses

The trademarks and licenses acquired separately are recorded at historical cost. The trademarks and licenses have a limited useful life and are recorded at their cost less accumulated depreciation.

The depreciation is calculated using the linear method of allocating the cost of trademarks and licenses over the estimated useful life thereof, of 1-3 years.

2.7 Investment in property

Investments in property are real estates (land, buildings or parts of buildings) owned by the company for the purpose of lease or to increase the value, or both, and not for:
- being used in the production or supply of goods or services or for administrative purposes; or
- being sold during normal activity.

A real estate investment is evaluated initially at cost, including the transaction costs. The cost of a purchased investment in property consists of its purchase price, plus any costs directly attributable (professional fees for the provision of legal services, property transfer taxes and other transaction costs)

The company's accounting policy for the valuation of real estate investments is based on the fair value model. This policy is applied uniformly to all property investments held. The evaluation of the fair value of the property investments is done by evaluators, members of the National Association of Valuers of Romania (ANEVAR).
Thus, the depreciation expense does not recognize, and real estate investment is subject to revaluation with sufficient regularity in order to recognize their fair value. Gains or losses resulting from the change of fair value of real estate investments are recognized in the profit or loss of the period when they occur.

The reevaluations of the property investments were made on 31.12.2015 by an authorized evaluator.

2.8 Investments in equity items

The investments in equity items include participating interests at CARBOREF S.A. in Cluj-Napoca, at a rate of 25% of the share capital and a contribution to the initial patrimony of the A.P.I.E.L. Association Romania, which represents a participation of 7.14%. The percentages owned do not confer us the control or any significant influence on the activity of the company or Association. Carboref SA is not a company listed at BSE, so that the investment is valued at cost. The company did not recognize adjustments for impairment.

2.9 Impairment of non-financial assets

The assets that are subject to depreciation shall be evaluated in terms of impairment whenever events or changes occur indicating that the book value may not be recoverable. An impairment loss is recognized as the difference between the book value and recoverable value of the asset concerned. The recoverable amount is represented by the the higher amount between the fair value of the asset less the sale costs and the value in use .

For the purpose of impairment testing , the assets are grouped at the lowest level for which there are cash flows that may be identified independently (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 listed on an active market. They are included in the current assets, except for those with maturity after more than twelve months from the end of the reporting period. These are classified as fixed assets.

(b) *Financial assets available for sale*

The 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 the current assets unless the investment is due or the management intends to sell it within twelve months from the end of the reporting period.

(c) *Gas emission allowances*

Starting on 01.01.2013, the facility belonging to the company is no longer subject to the emissions trading system for greenhouse gas emissions according to Directive 2009/29/EC, so that in 2013, the company did not receive EUA certification.
In 2014, the company sold all 2,196 certificates found in the account at the beginning of the year, otherwise risking to lose them.

2.10.2 Recognition and evaluation

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.

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

The investments in equity that do not have a price listed on the market on an active market and whose fair value may not be measured reliably should not be designated at fair value through profit or loss.

2.11 Stocks

The stocks are shown at the lowest value between the cost and the net achievable value.
The cost of finished goods is determined by standard cost method.
The cost of finished goods and production in progress includes design costs, raw materials, direct productive labor force, other direct costs and appropriate indirect costs of production (based on normal production capacity). Borrowing costs are not included.

The net achievable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Where necessary, provisions are recorded for obsolete and slow moving stocks. Obsolete inventories identified individually are provisioned at full value or eliminated from the balance sheet. For stocks with slow movement, an estimation of the age thereof is performed by each major category, based on stock rotation.

2.12 Commercial receivables

The trade receivables are amounts due by customers for stocks sold or services rendered in the ordinary course of business. If it is estimated that these shall be collected within one year or less than one year (or later, in the ordinary course of business), these shall be classified as current assets. Otherwise, these will be presented as fixed assets.

Trade receivables are recognized initially at fair value, and subsequently, for receivables with a loan period exceeding six months, the assessment is achieved at the depreciated cost based on the effective interest method less the provision for impairment.

The adjustments for impairment of trade receivables is recorded for litigations (100% - account 4118), in the case the debtor's insolvency procedure (100% - account 4118) and for the other customers at the end of the fiscal year, these are calculated depending on the seniority of receivables outstanding in the balance and depending on the history of the partner and the information provided by the commercial department.

2.13 Cash and cash equivalents

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

2.14 Share capital

The ordinary shares are classified as equity.

The additional 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 Commercial debts

Trade debts represent the payment obligations for goods or services that were acquired in the ordinary course of business from suppliers. The suppliers accounts are classified as current liabilities if the payment is to be made within a year or less than one year (or later in the ordinary course of business). Otherwise, these will be presented as current long-term liabilities. The commercial debts are initially recognized at fair value, and subsequently, the debts with a maturity longer than 6 months are measured at depreciated cost based on the effective interest method.

2.16 Loans

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

2.17 Current and deferred tax on profit

Tax expense for the period includes the current tax and deferred tax. Income tax is recognized in the income and expenses statement, except when it relates to items recognized in other elements of the global result or directly in equity. In this case, the related tax is also recognized in other elements of the global result or directly in equity.

The expense with the tax on current profit is calculated based on the fiscal regulations in force at the end of the reporting period. The management periodically evaluates the positions of tax returns regarding the situations in which the applicable tax regulations are subject to interpretation. This represents provisions, where appropriate, based on the estimated amounts due to the tax authorities.

Deferred income tax is recognized based on the liability method, on temporary differences occurred between the tax bases of assets and debts and their accounting values in the financial statements.

However, deferred tax on profit arising from the initial recognition of an asset or liability in a transaction other than a business combination, and which at the time of transaction, affects neither the accounting profit, nor the taxable profit is recognized . Deferred income tax is determined based on the tax rates (and laws) in force until the end of the reporting period that shall be applied in the period when the deferred tax to be recovered shall be used or the due deferred tax shall be paid.

The receivables related to the deferred tax are recognized only to the extent that it is probable to obtain a taxable profit, in the future, from which the temporary differences shall be deducted.

The receivables and liabilities related to the deferred tax are compensated when there is the legal applicable right to compensate the current fiscal receivables with the current fiscal liabilities and when receivables and liabilities on the deferred tax refer to taxes on profit imposed by the same fiscal authority, either the same taxable entity or different taxable entities, if there is the intention to compensate 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, pensions 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 shown in the profit and loss account once with the recognition of the salary costs.

(a) Obligations relating to pensions

According to the collective labor contract, the company must pay employees at 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 covers the costs with the personnel related to the supply of benefits such as medical services. These amounts primarily include implicit costs of annual medical checks.

(c) Benefits for termination of employment

According to the collective labor contract, in case of collective discharges, the company will offer compensatory payments, as follows, calculated based on the seniority of the respective employees:

- for seniority up to 10 years, 3 basic salaries of the dismissed person;
- for seniority between 10 and 15 years, 5 basic salaries of the dismissed person;
- for seniority between 15 and 20 years, 7 basic salaries of the dismissed person;
- for seniority between 20 and 25 years, 9 basic salaries of the dismissed person;
- for seniority over 25 years, 12 basic salaries of the dismissed person;

(d) Plans on participation to profit and bonuses

The company gives employees, besides wages, additional bonuses arising from any pay, bonuses of payroll, meal vouchers and holiday bonuses.
The employees may also benefit from the participation of the employees in the profit, set up 10% in share of net profit as decided by the General Assembly of the Shareholders.

2.19 Provisions

The provisions for risks are recognized when the company has a current, legal or implicit liability, as a result of past events; it is probable that an outflow of resources will be required in the settlement of the liability; the amount was reliably estimated.

If there are several similar obligations, the likelihood that an outflow of resources will be required to settle the obligation is determined taking into account the entire class of obligations. A provision is recognized even if the probability of an outflow resources 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 rate before tax that reflects the current market assessments of the time value of the money and the risks specific to the obligation. The increase in the provision due to the lapse of time is recognized in interest expense.

2.20 Revenue recognition

Revenues include the fair value of the consideration received or to be received from the sale of goods and services in the normal course of the company's business. The revenues are presented net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognizes revenues when their value may be estimated reliably, when it is likely that future economic benefits would come to the entity and when specific criteria have been met for each of the company's activities, as shown below. The company bases its estimates on historical results, taking into account the customer type, transaction type and specifics of each engagement.

(a) Sale of finished products

The company manufactures the entire range of abrasive products, except super-abrasives.

The main outlet market is the internal market, just to max. 2% of deliveries being made on the foreign market.

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

The sales of finished goods are recognized when the company has delivered products to customers.

The company manages a shop for the sale of abrasive products. The sale of products is recognized when the company sells a product to a customer. Retail sales are usually in cash.

Finished products are often sold with volume discount. Sales are recorded based on the price specified in the contract of sale, net of the estimated volume discounts and estimated returns at the time of sale. In estimating and provisioning for discounts and returns, the accrued experience shall be used. The volume discount is estimated based on anticipated annual purchases. It is deemed that there are no funding elements, since sales are made with a credit period of 60 days, in accordance with usual market practice.

(b) Revenue from royalties

The revenues from royalties are recognized on accrual-based accounting, in accordance with the relevant contractual provisions.
The company owns property investments that it leases to obtain revenue.

2.21 Interest incomes

Interest incomes shall be recognized using the effective interest method.

2.22 Dividend incomes

Dividend income shall be recognized when establishing the right to collect the amounts.

2.23 Leasing contracts

Leasing contracts for tangible assets according to which the company undertakes all risks and benefits of ownership are classified as finance leasing contracts. The financial leasing is capitalized at the beginning of the leasing at the lesser value of the fair value of the leased property and the updated value of the minimum leasing payments.

Each leasing payment is allocated between liabilities and finance charges. The adequate liabilities related to rent, net of the financing costs, are included in other long-term liabilities. The interest element related to the financing costs is recorded in the revenues and expenditures statement over the leasing contract, so as to obtain a periodic constant rate of interest on the remaining balance of the obligation for each period. The tangible assets acquired under financial leasing are depreciated over the useful life of the asset.

The leasing contracts in which a significant part of the risks and benefits of ownership is held by the lessor shall be classified as operating leases. The payments made under operating leasing contracts are recorded as expenses in the statement revenues and expenditures, based on the linear method, for the period of the leasing contract.

2.24 Distribution of dividends

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) *Market risk*

(i) Foreign currency risk

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

The company does not undertake formal actions 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:

(all amounts are expressed in RON unless otherwise specified)

	On 31 December 2014			On 31 December 2015		
	Financial monetary assets	Financial monetary debts	Net amount on the financial situation position	Financial monetary assets	Financial monetary debts	Net amount on the financial situation position
RON	7,622,620	4,505,275	3,117,345	8,784,224	3,891,788	4,892,436
EUR	130.257	2,960,745	(2,830,488)	123.451	4,248,042	(4,124,591)
USD	780	0	780	2.737	0	2,737
Total	7,753,657	7,466,020	287.637	8,910,412	8,139,830	770.582

The above analysis includes only monetary assets and liabilities items.
The following table shows how the items of the profit account and equity vary based on the change by 10% of the BNR exchange rates applied on the date of the balance sheet in connection with the functional currency of the company, with all other variables constant, as follows:

	2015	2014
EUR	4.9770	4.9303
USD	4.5625	4.0555

Impact on the profit and loss account:

	2015
EUR increasing by 10%	(412,459)

	2014
EUR increasing by 10%	(283.049)

(ii) Interest rate risk

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

The company has interest-bearing loan contracts with Unicredit Tiriac Bank, Piraeus Bank Romania and Raiffeisen Bank.

(all amounts are expressed in RON unless otherwise specified)

The situation of the credits taken was the following:

- On 31 December 2014

Financial Institution	**Currency**	**Interest rate**	**Ceiling**	**Balance of the loan on 31 December 2013 (RON)**
Unicredit Tiriac Bank	EUR	negotiated	800,000	585,231
Unicredit Tiriac Bank	RON	negotiated	800,000	167,110
Piraeus Bank Romania	RON	negotiated	1,600,000	503,426
Piraeus Bank Romania	EUR	negotiated	370,000	1,654,408
Banca Comerciala Feroviara	RON	negotiated	1,000,000	168,926

- On 31 December 2015

Financial institution	**Currency**	**Interest rate**	**Ceiling**	**Balance of the loan on 31 December 2015 (RON)**
Unicredit Tiriac Bank	EUR/	negotiated		2,557
	RON	negotiated	200,000	0
Unicredit Tiriac Bank	EUR	negotiated		498,853
	RON	negotiated	600,000	0
Piraeus Bank Romania	RON	negotiated	1,600,000	0
Piraeus Bank Romania	EUR	negotiated	370,000	1,653,270
Raiffeisen Bank	RON	negotiated	1,000,000	0

On 31 December 2015, a possible increase in the interest rates of 1% would have an effect in the income and expenditure situation of 976 Ron.

(b) Credit risk

The credit risk is bound in particular to cash and cash equivalents and commercial receivables. The company has developed a series of policies through the application of which shall ensure that sales of products and services is carried out by customers. The book value of receivables, net of provisions for uncertain receivables, represents the maximum amount exposed to the credit risk.

The credit risk of commercial receivables that are not provisioned, but not due, may be evaluated through internal analyses taking into account the fact that there is no external information on risk indicators for the customers.

(all amounts are expressed in RON unless otherwise specified)

	31 December 2014	31 December 2015
Customers for whom the recovery term of the receivables is less than 30 days	2,488,970	2,343,509
Customers for whom the recovery term of the receivables is between 30 and 90 days	2,927,276	2,845,810
Customers for whom the recovery term of the receivables is between 90 and 180 days	550,023	68,302
Total	5,966,269	5,257,621

Although the collection of receivables may be influenced by economic factors, the management believes that there is no significant loss risk that exceeds the provisions already created.

The cash is placed with financial institutions that, at the time of the deposit formation, were regarded as presenting minimal risk of payments termination.

The Bank's Financial indicator	Bank	31 December 2014	31 December 2015
Ba1	Raiffeisen Bank	3,946	62,273
Ba1	BRD	46,950	1,523,550
n/a	Treasury	4,235	19,240
Ba1	BCR	110,285	116,613
n/a	Unicredit Tiriac Bank	-	26,760
n/a	Piraeus Bank Romania	728	78,588
n/a	Banca Comerciala Feroviara	-	11,932
Total		166.144	1,838.956

Where:

The financial institutions listed with the indicator D present a modest financial strength, possibly with the need for external support, and the financial institutions listed with indicator E presents a very modest financial strength with a high probability of needing periodic external help.

(c) *Liquidity risk*

The prudent management of liquidity risk implies the maintenance of sufficient cash and the availability of funding through an adequate value of credit facilities committed.

(all amounts are expressed in RON unless otherwise specified)

The estimates relating to cash flows are carried out by the Finance Department of the company, which monitors estimates on the company's liquidity requirements, to ensure that there is sufficient cash to meet operational requirements, while permanently maintaining a sufficient margin to the loan facilities unused, so that the company does not breach the loan limits or arrangements relating to loans for all loan facilities.

Financial debt maturity 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 December 2014				
Loans (note 14)	3,079,102	-	-	-
Financial leasing (Nota15)	40,656	17,624	-	-
Commercial liabilities and other (Note 16)	4,276,351	-	-	-
Current tax on profit	52,287			
Total	**7,448,396**	**17,624**	**-**	**-**
On 31 December 2015				
Loans (note 14)	2,154,680	-	-	-
Financial leasing (Nota15)	774,928	412,758	-	-
Commercial liabilities and other (Note 16)	4,797,464	-	-	-
Current tax on profit	-			
Total	**7,727,072**	**412,758**	**-**	**-**

3.2 Capital management

The company's objectives relating to the management of the capital are intended to protect the company's ability to continue its work in the future, so as to bring profit to the shareholders and benefits to the other parties involved, as well as the maintenance of an optimal capital structure in order to reduce the capital cost.

Just like all the other companies operating in this sector, the company monitors the capital based on the indebtedness indicator. This indicator is calculated by dividing net debt to total capital. The net debt is calculated by subtracting from the total loans (including "the current loans and long-term loans", as shown in the statement of financial position) cash and cash equivalents. The total capital is calculated by adding the net liability to the "equity" of the net financial position.

(all amounts are expressed in RON unless otherwise specified)

In 2015, the company's strategy, unmodified compared to 2014, consisted in maintaining the indebtedness coefficient as low as possible to keep significant ability to borrow funds for further investments if and when it will be the case.

The indicators of indebtedness on 31 December 2014 and 2015 were the following:

	2014	2015
Total loans	3,137,382	3,342,366
Less: cash and cash equivalents	182,660	1,867,879
Net liability	2,954,722	1,474,487
Total equity	52,465,075	66,006,956
Total equity and net liabilities	55,419,797	67,481,443
Indebtedness indicator	6%	2%

3.3 Valuation at the fair value

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

It is considered that the book value minus the provision for the impairment receivables and commercial liabilities approximates the fair values thereof. The fair value of the financial liabilities with a settlement period greater than 6 months is estimated by updating future contractual cash flows at the current interest rate on the market located at the disposal of the company for similar financial instruments.

The valuation at fair value shall be made taking into account the following hierarchy:

a) level 1 - prices listed on active markets for identical assets and liabilities
b) level 2 - data, other than the prices listed that are noticeable for assets or liabilities
c) level 3 - data for assets and liabilities, which is not based on the noticeable market data

(all amounts are expressed in RON unless otherwise specified)

Presentation at the fair value of financial assets and financial liabilities on 31.12.2015:

	Level 1	level 2	level 3
Financial assets			
Cash and cash equivalents	1.867.879	-	-
Receivables and other receivables	-	7.042.533	-
Financial debts			
Loans	-	3.342.366	-
Commercial liabilities and other	-	4.797.464	-
Current tax on profit	-	0	-

Presentation at the fair value of financial assets and financial liabilities on 31.12.2014:

	Level 1	level 2	level 3
Financial assets			
Cash and cash equivalents	182.660	-	-
Receivables and other recei	-	7.570.997	-
Financial debts			
Loans	-	3.119.758	-
Commercial liabilities and other	-	4.276.351	-
Current tax on profit	-	52,287	-

4. ESTIMATES AND CRITICAL ACCOUNTING REASONING

The estimates and reasoning are continually evaluated and are based on historical experience and other factors, including the anticipations concerning future events that are considered reasonable in the circumstances.

4.1 Estimates and critical accounting assumptions

The company shall prepare estimates and assumptions concerning the future. By definition, the resulting accounting estimates shall seldom be equal to corresponding results. The estimates and assumptions for which there is a considerable risk to determine significant adjustments of the book value of the assets and liabilities within the next financial year are discussed below.

(a) *Tax on profit*

The company is subject to tax on profit in a single jurisdiction (Romania). There are many transactions and calculations for which the final tax determination is

uncertain. The company recognizes the liabilities for the anticipated financial audit based on estimates
whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the assets and liabilities of current and deferred tax on profit in the period this determination is achieved.

(b) *Pension-related benefits*
The updated value of the pension obligations depends on a number of factors which are set on an actuarial basis using a number of assumptions. The assumptions used to determine net cost (income) for pensions include discount rate. Any changes to these assumptions will impact the accounting value of the pension obligations. The company uses the BNR reference interest rate as update rate of the pension obligation at the end of each year.

5. FIRST-TIME APPLICATION OF IFRS

On 31.12.2012, the company prepared the first financial statements according to IFRS.
In preparing the situation of the financial position in accordance with IFRS on 1 January 2011 and on 31 December 2011, the company adjusted the amounts previously reported in the financial statements drawn up according to Order 3.055/2009 of the Minister of Public Finances.
The main adjustments for restatement according to IFRS of financial statements prepared according to Order 3055 of the Minister of Public Finances were as follows:

a) Tangible assets
The company has not calculated in previous periods depreciation expenses relating to fixed asset in preservation. At the time of IFRS adoption, tangible assets preserved are still depreciated for the period when these were not used.

In order to present the fair value, the company’s lands were subject to the revaluation process. This revaluation was carried out at the end of 2010, and at the end of 2011 and 2012.

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

b) Investment in property

On the adoption of IFRS, the company applies the presentation method of the fair value of the buildings falling in this category. Thus, depreciation expense is not recognized, and the property investment is subject to a reevaluation for the recognition of the fair value at the end of each financial year. The result of the re-evaluation will be recognized in the statement of revenues and expenditures.

(all amounts are expressed in RON unless otherwise specified)

c) Provision for holidays not taken

The company estimates a provision for the registration of wage expenditure in the corresponding period, for the holidays not taken for the financial year ended.

d) Provision for pensions

According to the collective labor contract, each employee shall receive, upon retirement, a compensation equal to a salary. For the purposes of recognition of this expense, the company records a provision for the entire period in which the employee works in the company. The amount of this provision is updated appropriately, using the reference rate of interest according to BNR.

e) Recognition of an asset or a debt of the deferred tax (IAS 12)

At the time of the adoption of IFRS, the company calculated and recorded the impact of the deferred tax, determined based on the temporary differences between the accounting basis and fiscal basis of the balance sheet elements.

6. Tangible assets

The movements related to the fixed assets are as follows:

	Lands and buildings	Equipment and vehicles	Furniture, facilities and equipment	Assets in progress	Total
On 1 January 2014					
Cost or valuation	46,160,095	21,566,072	184,392	126,086	68,036,645
Cumulated depreciation	(9,505,014)	(17,600,623)	(122,722)	-	(27,228,359)
Net book value	36,655,081	3,965,449	61,670	126,086	40,808,286

(all amounts are expressed in RON unless otherwise specified)

6. FIXED ASSETS (CONTINUED)

The year ended on 31 December 2014

	Lands and buildings	Equipment and vehicles	Furniture, facilities and equipment	Assets in progress performance	Total
Net initial book value	36,655,081	3,965,449	61,670	126,086	40,808,286
Inputs	-	185,160	3,643	938,974	1,127,777
Transfers	44,358	94,297	6,002	(144,657)	-
Gain from revaluation	-	-	-	-	-
Loss from revaluation	-	-	-	-	-
Outputs, net	-	(2,750)	-	(68,892)	(71,642)
Transfers to real estate investments	-	-	-	-	-
Expense with depreciation	(449,289)	(1,123,864)	(13,164)	-	(1,586,317)
Depreciation of fixed means in preservation	(92,388)	-	-	-	(92,388)
Final net book value	36,157,762	3,118,292	58,151	851,511	40,185,716
Net initial book value	36,655,081	3,965,449	61,670	126,086	40,808,286

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

(all amounts are expressed in RON unless otherwise specified)

6. FIXED ASSETS (CONTINUED)

Year ended on 31 December 2015

	Lands and buildings	Equipment and vehicles	Furniture, facilities and equipment	Assets in progress and advances	Total
Net initial book value	36,157,762	3,118,292	58,151	851,511	40,185,716
Inputs	-	2,347,498	2,749	1,246,828	3,597,075
Transfers	62,903	719,070	40,512	(822,485)	-
Gain from revaluation	8,729 850	2,351,511	-	-	11,081,361
Loss from revaluation	-	-	-	-	-
Outputs, net	(21,807)	(257,041)	-	(764,083)	(1,042,931)
Transfers to real estate investments	-	-	-	-	-
Expense with depreciation	(431,045)	(766,682)	(18,193)	-	(1,215,920)
Depreciation of fixed means in preservation	(92,388)	-	-	-	(92,388)
Final net book value	44,405,275	7,512,648	83,219	511,771	52,512,913

On 31 December 2015	Lands and buildings	Equipment and vehicles	Furniture, facilities and equipment	Assets in progress and advances	Total
Cost or valuation	55,086,346	29,834,418	237,298	511,771	85,669,833
Cumulated depreciation	(10,681,071)	(22,321,770)	(154,079)	-	(33,156,920)
Net book value	44,405,275	7,512,648	83,219	511,771	52,512,913

Fair value of tangible assets

An independent evaluation of the lands, buildings and other categories of fixed assets was achieved by an independent evaluator to determine the fair value of the fixed assets on 31 December 2015. The net revaluation surplus was recorded as other elements of the overall result and is presented in "other reserves" in equity.

(all amounts are expressed in RON unless otherwise specified)

Presentation of the fair value of the fixed assets on 31 December 2015:

	Level 1	Level 2	Level 3
Lands	-	30.848.407	-
Buildings and special constructions	-	13.556.868	-
Total lands and buildings	**-**	**44.405.275**	**-**
Equipment and vehicles	**-**	**7.512.647**	**-**
Furniture, facilities and equipment	**-**	**83.219**	**-**

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

	Level 1	Level 2	Level 3
Lands	-	26.553.821	-
Buildings and special constructions	-	9.603.941	-
Total lands and buildings	**-**	**36.157.762**	**-**
Equipment and vehicles	**-**	**3.118.292**	**-**
Furniture, facilities and equipment	**-**	**58.151**	**-**

The vehicles and equipment include the following amounts for which the company is the lessee, within financial leasing contracts:

	2014	2015
Cost	192,238	2,516,083
Cumulated depreciation	41,912	165,374
Net book value	150,326	2,350,709

For the credits taken, the company recorded guarantees for the following fixed assets:

Buildings

	2014	2015
Cost	11,193,686	13,112,062
Cumulated depreciation	4,647,774	2,983,508
Net book value	6,545,912	10,128,554

(all amounts are expressed in RON unless otherwise specified)

Related land:

	2014	2015
Cost	12,750,869	15,068,967

- The following fixed assets (lands and buildings) are pledged under loan contracts that the company has with the financial institutions Unicredit Tiriac Bank Cluj, Piraeus Bank Romania Cluj and Banca Comerciala Romania Cluj:

Srt. No.	Object of mortgage or pledge	Value of mortgage or pledge	Beneficiary of mortgage or pledge	Mortgage level
1.1	Land with buildings located at no. 3, 1 Mai Square, included in the real estate register certificate 261 371 of Cluj-Napoca (coming from the conversion from paper of the real estate register 134 163)	800,000 RON + related interest and commissions	UNICREDIT TIRIAC BANK	I
1.2	Land with buildings located at no. 3, 1 Mai Square, included in the real estate register certificate 259641 of Cluj-Napoca (coming from the conversion from paper of the real estate register 155326N)	1.600.000 RON + related interest and commissions 370.000 EUR+ related interest and commissions	PIRAEUS BANK ROMANIA SA PIRAEUS BANK ROMANIA SA	I
1.3	Land with buildings located at no. 3, 1 Mai Square, included in the real estate register certificate 305138 and the real estate register certificate 305138-C1-U1 of Cluj-Napoca (coming from the conversion from paper of the real estate register 697N and 699N)	1,000,000 RON + related interest and commissions	RAIFFEISEN BANK	I
2.1	Tangible personal property collateral on current and future cash reserves / credit balances on its current and future accounts and sub-accounts opened with the bank according to the tangible personal property collateral contract, recorded with Electronic Archive for Tangible Personal Property Collateral.	800,000 RON + related interest and commissions	UNICREDIT TIRIAC BANK	
2.2	Tangible personal property collateral on current and future cash reserves / credit balances on its current and future accounts and sub-accounts opened with the bank according to the tangible personal property collateral contract, recorded with Electronic Archive for Tangible Personal Property Collateral.	1.600.000 RON + related interest and commissions 370.000 EUR+ related interest and commissions	PIRAEUS BANK ROMANIA SA PIRAEUS BANK ROMANIA SA	

(all amounts are expressed in RON unless otherwise specified)

2.3	Tangible personal property collateral on current and future cash reserves / credit balances on its current and future accounts and sub-accounts opened with the bank according to the tangible personal property collateral contract, recorded with Electronic Archive for Tangible Personal Property Collateral.	1.000.000 RON	RAIFFEISEN BANK

The accounting value that would have been recognized if the assets had been recorded under the cost model are shown in the table below. This cost is represents the cost presumed on the date of transition to IFRSs.

Description	Lands and buildings	Equipment and vehicles	Furniture, facilities and equipment	Assets in progress and advances	Total
Year ended on 31 December 2014					
Cost	50,041,481	18,594,512	194,037	851,511	69,681,541
Cumulated depreciation	10,306,648	15,876,092	135,886	0	26,318,626
Net book value	39,734,833	2,718,420	58,151	851,511	43,362,915
Year ended on 31 December 2015					
Cost	50,082,577	21,404,039	237,298	511,771	72,235,685
Cumulated depreciation	10,830,081	16,642,775	154,078	0	27,626,934
Net book value	39,252,496	4,761,264	83,220	511,771	44,608,751

7. INTANGIBLE ASSETS

	Trademarks and licenses
On 1 January 2014	
Cost or valuation	178,136
Cumulated depreciation	(174,458)
Net book value	3,678
The year ended on 31 December 2014	
Initial net book value	3,678
Inputs	1,548
Depreciation expense	(4,656)
Final net book value - intangible assets	**570**

(all amounts are expressed in RON unless otherwise specified)

On 31 December 2014

Cost or valuation	179,684
Cumulated depreciation	(179,114)
Net book value	570

Year ended on 31 December 2015

Initial net book value	570
Inputs	37,835
Depreciation expense	(9,124)
Final net book value - intangible assets	**29,281**

Pending tangible assets - initial	18,141
Inputs	10,698
Outputs	28,839
Accounting value - pending tangible assets	**0**

8. INVESTMENTS IN PROPERTY

On 1 January 2014 **Buildings**

Cost or evaluation	3.736.078
Net book value	3.736.078

Inputs	-
Gains / (losses) from fair value measurement -	
Outputs	-
Final net book value	3.736.078

On 31 December 2014

Cost or evaluation	3.736.078
Net book value	3.736.078

Year ended on 31 December 2015 **Buildings + land**

Inputs	220.000
Gains / (losses) from fair value evaluation	1.823.161
Outputs	-
Final net book value	5.779.239

On 31 December 2015

Cost or evaluation	5.779.239
Net book value	5.779.239

(all amounts are expressed in RON unless otherwise specified)

9. FINANCIAL INSTRUMENTS

	31 December 2014	31 December 2015
Assets		
Receivables and other receivables	7,570,997	7,042,533
Cash and cash equivalents	182,660	1,867,879
Total assets	7,753,657	8,910,412
Liabilities		
Loans	3,119,758	2,929,608
Commercial and other debts	4,276,351	4,797,464
Current tax on profit	52,287	0
Total Liabilities	7,448,396	7,727,072

Accounting classifications and fair values:

31 December 2015	Note	Depreciated cost	Total book value	Fair value
Financial assets (RON)				
Cash and cash equivalents	12	1.867.879	1.867.879	1.867.879
Receivables and other receivables	11	7.042.533	7.042.533	7.042.533
Total Financial Assets		**8.910.412**	**8.910.412**	**8.910.412**
Financial debts (RON)				
Loans	14	2.929.608	2.929.608	2,929,608
Commercial and other debt	16	4.797.464	4.797.464	4.797.464
Total Financial Debts		**7.727.072**	**7.727.072**	**7,727,072**

(all amounts are expressed in RON unless otherwise specified)

10. STOCKS

	31 December 2014	31 December 2015
Materials	3,501,648	3,816,107
Inventory items	100,025	105,536
Finished Products	7,287,428	7,868,096
Merchadise	358,433	382,313
Provisions on impairment of inventories	(61,266)	(212,945)
Total stocks	11,186,268	11,959,107

	31 December 2014	31 December 2015
On 1 January	113,312	61,266
Provisioned during the year (Note 15)	-	160,796
Reversed	(52,046)	(9,117)
On 31 December	61,266	212,945

11. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

	31 December 2014	31 December 2015
Customers' receivables	7,700,667	7,110,575
Provisions on depreciation of clients' receivables	(232,017)	(226,602)
Commercial receivables and other receivables	7,468,650	6,883,973
Expenses recorded in advance	89,624	101,433
Other receivables	15,734	29,059
Other long-term receivables (for a period exceeding 3 months).	614	988
Provisions on impairment of other receivables	(3,625)	0
Current tax on profit to recover	-	27,080
Total	102,347	158,560
Total receivables after provisions	7,570,997	7,042,533

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

(all amounts are expressed in RON unless otherwise specified)

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

	31 December 2014	31 December 2015
RON	7,442,085	6,923,455
EUR	128,912	119,078
Other currencies (USD, GBP)	-	-
Total receivables	7,570,997	7,042,533

Analysis of receivables by maturity is shown in the following table:

	31 December 2014	31 December 2015
During the period of maturity	5,966,269	5,257,621
Overdue maturity period, but without impairment risk	1,604,728	1,784,912
Total	7,570,997	7,042,533

Analysis on seniority of outstanding receivables, but not provisioned is presented as follows:

	31 December 2014	31 December 2015
Up to 3 months	1,479,391	1,691,630
Between 3 and 6 months	89,640	78,209
More than 6 months	35,697	15,073
Total	1,604,728	1,784,912

Analysis of provision movement for depreciation of receivables:

	31 December 2014	31 December 2015
On 1 January	280,396	235,641
Provisioned receivables during the year	22,875	37,822
Reversed provision	(67,630)	(46,861)
On 31 December	235,641	226,602

(all amounts are expressed in RON unless otherwise specified)

12. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2015
Cash in hand and in bank	182,660	366,727
Performance bonds below 3 months	-	-
Collateral cash in bank - accreditives	-	-
Other cash equivalent	-	-
Short-term deposits	-	1,501,152
Total	182,660	1,867,879

	31 December 2014	31 December 2015
Cash in hand and in bank in RON	180,535	359,617
Cash in hand and in bank in USD	780	2,737
Cash in hand and in bank in EUR	1,345	4,373
Short-term deposits in RON	-	1,501,152
Short-term deposits in EUR	-	-
Total	182,660	1,867,879

Bank	31 December 2014	31 December 2015
Raiffeisen Bank	3,946	62,273
BRD	46,949	22,398
Treasury	4,235	19,240
BCR	110,285	116,613
Unicredit Ţiriac Bank	-	26,760
Piraeus Bank Romania	729	78,588
Banca comerciala Feroviara	0	11,932
Money in hand and other cash equivalents	16,516	28,923
Short-term deposits	0	1,501,152
	182,660	1,867,879

	31 December 2014	31 December 2015
Cash and cash equivalents	182,660	1,867,879
Total current part of the loans	3,079,102	2,154,680
	3,378,122	4,022,559

(all amounts are expressed in RON unless otherwise specified)

13. EQUITY

	31 December 2014	31 December 2015
Share capital	9,705,998	12,325,438
Share capital adjustments	-	-

	Value	% Number of shares	Value share (RON)	Percentage of ownership (%)
Ionescu Mircea-Pietro	3,095,990	1,238,396	2.5	25.1187
S.C. ELECTROARGEŞ S.A.	1,527,833	611,133	2.5	12.3958
Popa Gheorghe Titus Dan	1,459,170	583,668	2.5	11.8387
Gafencu Dan Nicolae	1,277,182	510,873	2.5	10.3622
Individuals	3,291,603	1,316,641	2.5	26.7058
Legal entities	1,673,660	669,464	2.5	13.5789
Total	12,325,438	4,930,175		100

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

The restatement was calculated using the evolution of the consumption price index (''CPI''), published by the National Institute of Statistics (''INSSE''). The indexes used, determined on prices corresponding to the period December 1990 (1990 = 100) for 13 years and the conversion factors were:

Month, year	Movements in consumer price indexes	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

Dividend

During 2015, the Company made dividend distributions to owners based on Decision no. 1 of 28.04.2015 of the Ordinary General Assembly of the Shareholders, amounting to 936,733.25 RON of the net profit of 2014 (gross dividend of 0.19 lei /share).

(all amounts are expressed in RON unless otherwise specified)

14. LOANS

	31 December 2014	31 December 2015
Loans to banks	3,079,102	2,154,680
Loans from shareholders	-	-
Total loans	3,079,102	2,154,680
Current part of the loans	3,079,102	2,154,680
Long-term part - loans to banks	-	-
	3,079,102	2,154,680

The fair value of loans at the end of each reporting period coincides with their accounting value to date.

	31 December 2014	31 December 2015
RON	839,462	0
EUR	2,239,640	2,154,680
	3,079,102	2,154,680

The average annual effective rate of interest on bank loans for the financial year 2015 was 3.73% (for the financial year 2014 it was 5.30%).

15. FINANCIAL LEASING

	31 December 2014	31 December 2015
Up to one year	40,656	774,928
Between 1 and 5 years	17,624	412,758
Present value of financial leasing	58,280	1,187,686

	31 December 2014	31 December 2015
Up to one year	40,656	800,873
Between 1 and 5 years	17,624	422,723
Future financial charges	0	35,910
Present value of financial leasing	58,280	1,187,686

The average annual effective rate of interest on financial leasing for the financial year 2015 was 5.34% (for the financial year 2014 it was 3.20%).

(all amounts are expressed in RON unless otherwise specified)

16 . SUPPLIERS AND OTHER CREDITORS

	31 December 2014	31 December 2015
Suppliers	1,432,185	1,732,904
Debt related to personnel	559,096	624,336
Interest to be paid	489	0
Dividends to be paid	1,505,825	1,614,367
VAT to be paid	363,861	326,512
Other debts to the state	319,519	399,647
Income in advance	-	33,760
Creditor clients and various creditors	92,467	58,484
Inventory surplus as assets	2,909	7,454
Total	4,276,351	4,797,464

	31 December 2014	31 December 2015
EUR	662,825	905,675
USD	-	-
RON	3,613,526	3,891,789
	4,276,351	4,797,464

(all amounts are expressed in RON unless otherwise specified)

17. ANALYSIS BY CATEGORY OF REVENUE

	31 December 2014	31 December 2015
Revenues from sale of finished products	28,795,555	29,454,246
Revenues from sale of goods	688,648	796,717
Revenues from services rendered	168,354	200,164
Total	29,652,557	30,451,127

Other operational revenues

	31 December 2014	31 December 2015
Gain / (loss) from sale of fixed assets	(2,750)	37,822
Other incomes	70,842	45,992
Revenues from revaluation of tangible assets	0	217,668
Gains from the valuation of the fair value of investment properties	0	1,823,161
Revenues from rentals	1,118,422	1,307,942
Total	1,186,514	3,432,585

18. WAGES AND OTHER RELATED COSTS

	31 December 2014	31 December 2015
Expenses with salaries	9,261,542	10,437,833
Expenditure with salary contributions	2,453,733	2,368,988
Expenditure on lunch vouchers	446,640	474,164
Total	12,161,915	13,280,985

	31 December 2014	31 December 2015
Average number of employees	222	235
Number of employees	234	245
Salary of administrative staff (managers, including related social contributions)	1,276,401	1,356,654
Board of Directors (including related social security contributions)	852,548	828,358

(all amounts are expressed in RON unless otherwise specified)

19. OTHER OPERATINAL EXPENSES

	31 December 2014	31 December 2015
Other expenses with third party services	731,402	796,798
Expenses on royalties and rents	125,602	147,054
Expenditure on utilities	1,789,228	1,935,783
Expenses on maintenance and repairs	386,351	324,567
Expenses on insurance	84,811	102,303
Expenses for damages and penalties	349	66
Other provisions expense / (reversal)	-	-
Net provision for receivable expense / (reversal)	(44,755)	(5,414)
Mail expenses and other fees	54,127	46,784
Expenses on royalties and fees	180,765	38,811
Protocol, advertising and publicity expenses	139,293	156,597
Net (Gain) / Loss from currency exchange differences from operating activities	17,772	34,375
Net provision for slow moving or impaired inventories expense / (reversal)	(52,045)	151,679
Banking and similar expenses	55,536	46,869
Travel expenses	157,498	118,639
Other operating expenses	524,948	465,237
Transport costs	209,310	189,936
Total	4,360,192	4,550,084

In 2015, the financial auditor was paid a fee of 7,500 EUR for the audit of financial statements on 31.12.2014.

Since March 2014, the company has an ongoing operational leasing contract, under which, in 2015, it recorded rent expense amounting to 126.502 RON.
The object of the leasing contract is a Land Rover vehicle, which is available to the members of the Board of Directors.
The payments will be made in the future, for the duration of the contract (January 2016 - February 2017) are worth 30,469.66 EUR, equivalent to 137,860 RON at the rate of 31.12.2015 (4.5245).

(all amounts are expressed in RON unless otherwise specified)

20. FINANCIAL RESULT

	31 December 2014	31 December 2015
Interest expense		
- loans	167,393	97,558
- financial leasing	155	33,200
Net result from rate of exchange differences	18,464	69,692
Financial costs	186,012	200,450
Interest incomes	282	17,466
Other financial incomes	2	0
Financial income	284	17,466
Net financial result	(185,728)	(182,984)

21. TAX ON PROFIT

Description	31 December 2014	31 December 2015
Gross result	1,042,168	2,728,566
Tax rate according to national regulations	16%	16%
Elements similar to incomes	324,068	213,155
Elements similar to expenses	(80,501)	(50,523)
Deductions	(1,864,513)	(1,768,125)
Non-taxable incomes	(107,921)	(2,137,976)
Non-deductible expenditure	2,049,399	2,621,038
Total	1,362,700	1,606,135
Expenses with tax	(218,032)	(256,982)
Tax credit	43,606	50,671
Total	(174,426)	(206,311)
(Expense)/ Income with deferred tax	(2,560)	(361,748)
(Expense) / Income with the tax on profit	(176,986)	(568,059)

(all amounts are expressed in RON unless otherwise specified)

21. TAX ON PROFIT (CONTINUATION)

	1-January 2014	Movement in deferred tax	31-December 2014	Movement in deferred tax	31-December - 2015
Assets from deferred tax	18,215	(378)	17,837	21,219	39,056
Debts from deferred tax	(2,869,281)	36,599	(2,832,682)	(2,116,049)	(4,948,731)
Asset/(Debt) from deferred tax - net	(2,851,066)	36,221	(2,814,845)	2,094,830	(4,909,675)

Debts from deferred tax	**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)

Assets from deferred tax	**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/(Debt) from deferred tax - net	(2,793,020)	(21,825)	(2,814,845)

Debts from deferred tax	**Tangible assets**	**Provisions**	**Total**
On 1 January 2015	(2,810,857)	(21,825)	(2,832,682)
Movement in deferred tax	(2,136,441)	20,392	(2,116,049)
On 31 December 2015	(4,947,298)	(1,433)	(4,948,731)

(all amounts are expressed in RON unless otherwise specified)

Assets from deferred tax	**Tangible assets**	**Provisions**	**Total**
On 1 January 2015	17,837	0	17,837
Movement in deferred tax	(3,054)	24,273	21,219
On 31 December 2015	14,783	24,273	39,056
Asset/(Debt) from deferred tax - net	(4,932,515)	22,840	(4,909,675)

22. AFFILIATED PARTIES

The list of the company's affiliated parties is as follows:

Affiliated company	**Explanations**
CARBOREF SRL Cluj-Napoca	CARBOCHIM SA owns 25% of the shares of CARBOREF SRL. Mr. Popoviciu Viorel was part both of the Board of Directors of CARBOCHIM SA (the Board consisting of 5 persons), as well as of that of CARBOREF SA (the Board consisting of 3 persons) until March 2015, when the company became CARBOREF SRL and it had one director (Mr. Ioan Mihut who owns 70% of the shares). The deliveries represent the value of the rents and utilities according to contract 2249 / 13.12.2012. The purchases represent acquisitions of products of CARBOREF to be sold as merchandise or various materials and the acquisition of a hall and the related land in JUCU, Romania, Cluj County.
EURO CLUB SRL Timişoara	Mr. Popa Dan - Director of CARBOCHIM SA owns 50% of EUROCLUB SRL and Director of EUROCLUB SRL together with another person. The deliveries represent deliveries of abrasive products for the sale thereof as authorized dealer (under contract no. 35001/2008, and addendum no. 19/2015).
AUTO EUROPA SRL Timişoara	Mr. Popa Dan - Director of CARBOCHIM SA owns 50% of AUTOEUROPA SRL, and he is director together with another person.
ELECTROARGES SA Curtea de Argeş	ELECTROARGES SA owns 12,40% of the share capital of CARBOCHIM SA

(all amounts are expressed in RON unless otherwise specified)

SERVICE AUTOMOBILE 2 SA, Cluj-Napoca	Mr. Turcu Iacob Ovidiu - Director of CARBOCHIM SA holds 41.88% of SERVICE AUTOMOBILE 2 SA and he 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 since 26.04.2013 holds 95.66% of DACIA SERVICE FELEAC SA and he is director together with two other persons

Analysis of the balances and transactions with affiliated parties:

Balances on 1 January 2014	**Receivables**	**Other receivables**	**Liabilities**
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 achieved in 2014:	**Sales**	**Expenditures**	**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	-

Balances on 31 December 2014	**Receivables**	**Other receivables**	**Liabilities**
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	-

(all amounts are expressed in RON unless otherwise specified)

Transactions achieved in 2015:	**Sales**	**Expenditures**	**Loans**
CARBOREF SA	16,566	249,937	-
EURO CLUB SRL	999,408	-	-
AUTOEUROPA SRL	-	14.820	-
ELECTROARGES SA	46	-	-
SERVICE AUTOMOBILE 2 SA	859	9.253	-
DACIA SERVICE FELEAC SA	-	1,767	-
Total	1,016,867	275.777	-

Balances on 31 December 2015	**Receivables**	**Other receivables**	**Liabilities**
CARBOREF SA	1.555	-	-
EURO CLUB SRL	122.922	-	-
AUTOEUROPA SRL	-	-	-
ELECTROARGES SA	-	-	-
SERVICE AUTOMOBILE 2 SA	-	-	-
DACIA SERVICE FELEAC SA	-	-	-
Total	124.477	-	-

The amounts are in RON and include VAT.

On 31.12.2015, the Board of Directors of the company has the following members:

- Popoviciu Viorel Dorin, member of the Board of Directors and Chairman of the Board of Directors. Owns 283,466 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 1,238,396 shares.
- Turcu Iacob Ovidiu, member of the Board of Directors, holds 164 shares.
- Crisan Viorel Vasile, Member of the Board of Directors. He holds 7,609 shares.

The executive management of the company is as follows:

- Popoviciu Viorel Dorin, General Manager
- Barabula Mihaela Maria, Economic Manager
- Farcas Vasile , Sales-Marketing Manager
- Carean Nastasia, Technical - Production Manager

(all amounts are expressed in RON unless otherwise specified)

23. RESULT PER SHARE

The company's shares are listed on the second category of the Bucharest Stock Exchange.

The basic result per share is calculated by dividing the profit attributable to equity holders of the company to the average number of ordinary shares existing throughout the year. The diluted result per share coincides with the basic result per share.

	Year ended on 31 December 2014	**Year ended on 31 December 2015**
The profit attributable to equity holders of the company	1,042,168	2,728,565
The weighted average of the number of shares	3,882,399	4,930,175
Basic and diluted result per share (RON per share)	0.27	0.55

24. CONTINGENCIES

Legal proceedings

The company is the subject of a number of legal proceedings, the majority representing insolvency proceedings of uncertain clients. The company's management believes that these proceedings will not have a significant adverse effect on the economic results and financial position of the company.

Taxation

The taxation system from Romania has undergone multiple changes in recent years and is in a phase of adaptation to the European Union case-law. As a result, there are still different interpretations of the tax legislation. In certain circumstances, the tax authorities may treat differently certain aspects by carrying out the calculation of taxes and additional fees and interest and penalties on late payments (in 2015, the delay penalties are 0.02% per day of delay, plus interest on the delay of 0.03% per day of delay starting in 2014). In Romania, the fiscal year remains open for tax inspection for 5 years. The company's management believes that the tax obligations included in these financial statements are appropriate.

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

Financial crisis

Recent volatility of international and Romanian financial markets:

The 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 rates on loans between banks and a very high volatility of stock exchanges. In addition, the volatility of the exchange rate of RON and the main currencies used in international trade was very high. Currently, the entire impact of the current financial crisis is still impossible to predict and prevent entirely.

The management may not reliably predict the effects on the financial position of the company to a potential decrease in the liquidity of the financial markets, an increase in the volatility of the exchange rate of the national currency and the continuing of recession. The management believes that it has taken all necessary measures to ensure the continuity of the company under present conditions.

Revaluation of properties held at fair value

Real estate market in Romania has been seriously affected by the recent volatility of the financial market resulted in the restriction of access to credits for companies and individuals. Thus, the book value of fixed assets valued at fair value was updated to reflect market conditions at the balance sheet date. Due to the volatility of the Romanian market, it is possible that the fair values of the company's assets relating to property to suffer changes in the following period.

25. SUBSEQUENT EVENTS

In the context of the current Report issued on 21.03.2016, to publish the agenda pertaining to the General Assembly of the Shareholders of 27.04.2016, convened to approve the financial statements for 2015, the following shall be presented for approval:
- allocation of net profit for 2015, amounting to 2,728,565 RON as follows: legal reserve of 73,673 RON, dividends amounting to 1,972,070 RON (gross dividend 0.40 RON/share) and forwarded outcome (profit not allocated) amounting to 682,822 RON.