

**S.C. CONTED S.A**  
**Individual financial statements**  
**on September 30, 2015**

**concluded in accordance with the**  
**International Standards of Financial Reference**  
**adopted by the European Union**  
**according to the Order of the Ministry of Public Finance no. 1286/ 2012**  
**as further amended**

**The individual financial statements concluded for the third quarter of 2015 were not audited**

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Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

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**Individual financial statements**

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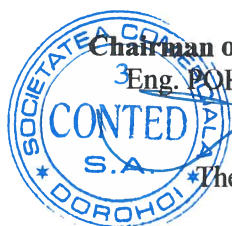
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Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

**FINANCIAL POSITION STATEMENT**

	Note	September 30, 2015	January 01, 2015
<b>Assets</b>			
Tangible assets	11	4.312.755	3.855.314
Intangible assets	12	39.804	12.248
Real estate investments	13	36.302	36.969
<b>Total Fixed Assets</b>		<b>4.388.861</b>	<b>3.904.531</b>
Inventories	14	1.802.749	2.156.656
Trading receivables and other receivables	15	1.629.466	2.288.657
Expenses registered in advance	15	9.164	11.292
Cash and cash equivalent	16	3.990.834	3.896.423
<b>Total Current Assets</b>		<b>7.432.213</b>	<b>8.353.028</b>
<b>Total of assets</b>		<b>11.821.074</b>	<b>12.257.559</b>
<b>Equity</b>			
Share capital	17	2.284.360	2.284.360
Other elements of equity		(55.197)	(58.096)
Reevaluation reserve	17	1.016.409	1.034.528
Legal reserve	17	456.661	456.661
Other reserves	17	4.080.948	4.080.948
Carried forward result		1.234.870	1.216.751
Financial year result (net profit or loss)	17	750.657	1.689.839
<b>Total Equity</b>		<b>9.768.708</b>	<b>10.704.991</b>
<b>Debts</b>			
Debts regarding the deferred profit tax	19	55.197	58.096
<b>Total Long Term Debts</b>		<b>55.197</b>	<b>58.096</b>
Debts regarding the current profit tax	19	38.125	44.091
Debts regarding the deferred profit tax		974	1.078
Trading debts and other debts	19	1.958.070	1.449.303
<b>Total Current Debts</b>		<b>1.997.169</b>	<b>1.494.472</b>
<b>Total Debts</b>		<b>2.052.366</b>	<b>1.552.568</b>
<b>Total Equity and Debts</b>		<b>11.821.074</b>	<b>12.257.559</b>

The individual financial statements were approved by the Management Board on 21.10. 2015 and were signed on its account by:



Chairman of the Board of Directors,  
Eng. POPA MANOLE

Chief Economic Office,  
Ec. Mihai Elena

*Mihai Elena*

\*The notes from 1 to 22 are integral part of the financial statements

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Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

**PROFIT OR LOSS STATEMENT AND OTHER ITEMS OF THE GLOBAL RESULT**

<b>Continuous activities</b>	<b>Note</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
Incomes	5	13.163.903	15.453.548
Other incomes	6	44.548	134.327
Inventory variation	6	(30.746)	(117.116)
<b>Total Operational incomes</b>		<b>13.177.705</b>	<b>15.470.759</b>
Expenses for the raw materials and consumables	7	1.247.027	1.563.795
Expenses for the merchandise	7	135.960	152.000
Expenses for the facilities	7	985.735	989.276
Expenses for salaries, social contributions and other benefits	8	9.059.714	8.942.477
Expenses for the amortization	7	214.575	231.795
Other expenses	7	666.139	2.075.739
<b>Total Operational expenses</b>		<b>12.309.150</b>	<b>13.955.082</b>
<b>Operational activities result</b>		<b>868.555</b>	<b>1.515.677</b>
Financial incomes	9	95.303	90.551
Financial expenses	9	63.762	59.474
<b>Financial result</b>		<b>31.541</b>	<b>31.077</b>
<b>Result before taxation</b>		<b>900.096</b>	<b>1.546.754</b>
Expense for the current profit tax	10	146.447	250.718
Expense for the deferred profit tax	10	2.992	67.374
Incomes corresponding to the deferred profit tax	10	-	75.573
<b>Result continuous activities</b>		<b>750.657</b>	<b>1.304.235</b>
<b>Other elements of the global result</b>		<b>2.899</b>	<b>193.033</b>
- Deferred profit interest corresponding to the amortized revaluation reserve, admitted on equity		2.899	(8.000)
- Deferred income tax, related to the result carried forward, directly recognized in the equity items;		-	201.854
- Revaluation reserve by the tangible assets, amortized as the use of tangible assets is incurred in the carried forward result;		-	(821)
<b>Total global result corresponding to the term</b>		<b>753.556</b>	<b>1.497.268</b>
<b>Attributable profit</b>	18	<b>750.657</b>	<b>1.304.235</b>
Result per basic action		3,1316	5,441
Result per diluted action		3,1316	5,441

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*Mihai*

The notes from 1 to 22 are integral part of the financial statements

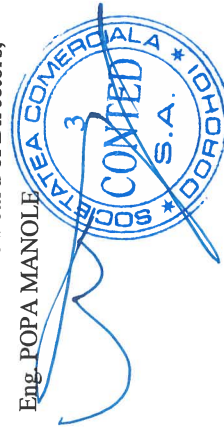
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Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

STATEMENT OF THE CHANGE OF EQUITY FOR THE FINANCIAL YEAR ENDED ON SEPTEMBER 30, 2015

	Subscribed and paid share capital	Share capital adjustment	Other elements of equity	Reevaluation reserves	Legal reserves	Other reserves	Financial year result	Carried forward result	Carried forward result, by the application for the first time of IAS 29	Total equity
Balance on January 01, 2015	2.284.360	-	(58.096)	1.034.528	456.661	4.080.948	1.689.839	1.216.751	-	10.704.991
Net result of the term	-	-	-	-	-	-	750.657	-	-	750.657
Transfer of the net result of term to the carried forward result year 2014	-	-	-	-	-	-	(1.689.839)	1.689.839	-	-
Other elements of the global result										
Revaluation reserve of tangible assets, amortized as the asset use transferred to the carried forward result				(18.119)				18.119		
Deferred profit tax, admitted on equity										2.899
<b>Total items of global result</b>			<b>2.899</b>	<b>(18.119)</b>				<b>18.119</b>		<b>2.899</b>
Total global result corresponding to the term			2.899	(18.119)			(939.182)	1.707.958		753.556
Trades with the shareholders, directly admitted by equity										
Payment dividends of 2014 year								(1.689.839)		(1.689.839)
Total trades with the shareholders, directly admitted by equity								(1.689.839)		(1.689.839)
Balance on September 30, 2015	2.284.360	-	(55.197)	1.016.409	456.661	4.080.948	750.657	1.234.870	-	9.768.708

Chairman of the Board of Directors,  
Eng. POPA MANOLE



Chief Economic Office,  
Ec. Mihai Elena

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**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)**

**ANALYSIS OF TREASURY FLOWS**

	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Treasury flows by exploitation activities</b>		
Cash reception from the clients, by the sale of assets, services and merchandise	14.839.649	17.647.604
Cashed interests	64.303	68.122
Payments to the providers	(3.406.127)	(5.011.798)
Payments to the employees	(4.634.616)	(4.380.081)
Payments to the state budget and the social insurance budget	(5.217.586)	(5.625.516)
Other exploitation operations	323.156	44.304
Cash	1.977.062	2.614.104
Payments	(1.653.906)	(2.569.800)
<b>Cash generated by exploitation activities</b>	<b>1.968.779</b>	<b>2.742.635</b>
Paid-up interests	-	-
Paid-up profit tax	(155.509)	(344.312)
<b>Net cash by exploitation activities</b>	<b>1.813.270</b>	<b>2.398.323</b>
<b>Treasury flows by investment activities</b>		
Payments for the procurement of shares	-	-
Payments for the procurement of tangible assets	(350.885)	(117.582)
Cashings by the sale of tangible assets	-	-
Received dividends	-	-
<b>Net cash by investment activities</b>	<b>(350.885)</b>	<b>(117.582)</b>
<b>Treasury flows by financing activities</b>		
Cashments by capital emission	-	-
Cashments in cash by credits	-	-
Repayments in cash of borrowed amounts	-	-
Paid-up dividends	(1.367.974)	(2.155.612)
Effect of foreign currency exchange rate variations on credits and debts	-	-
<b>Net cash by financing activities</b>	<b>(1.367.974)</b>	<b>(2.155.612)</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>94.411</b>	<b>125.129</b>
<b>Cash and cash equivalent at the beginning of term January 01</b>	<b>3.896.423</b>	<b>3.894.994</b>
<b>Cash and cash equivalent at the end of term September 30</b>	<b>3.990.834</b>	<b>4.020.123</b>

The individual financial statements were approved by the Management Board on 21.10. 2015 and signed on its account by:



**Chairman of the Board of Directors,**  
Eng. POPA MANOLE

**Chief Economic Office,**  
Ec. Mihai Elena

*Mihai Elena*

The notes from 1 to 22 are integral part of the financial statements.

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**Individual financial statements on September 30, 2015, according to IFRS  
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### Individual financial statements on September 30, 2015, according to IFRS (all the amounts are in LEI, unless otherwise provided)

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#### NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

##### NOTE 1. Reporting entity

The company has its registered office in Dorohoi, str.1 December no. 8, Botoşani County, Romania, zip code 715200, phone 0231610067, fax 0231610026, website [www.conted.ro](http://www.conted.ro), Sole Registration Code RO 622445, Trade Register Office registration number J07/107/1991.

S.C. CONTED S.A. Dorohoi is a high quality outwear manufacturer, with an experience of over 40 years in the field of textile garments, as well as in the export manufacturing. The company had an ascending evolution, expanding its outlet, by agreements with foreign companies.

The individual financial statements according to the International Standards of Financial Reporting were concluded for the financial year ended on September 30, 2015.

The main activity of the Company is the Manufacture of other outwear (except for underlined).

The structure of the Management Board of S.C. CONTED S.A. DOROHOI ensures a balance between the executive and non-executive members. As of September 14, 2015 the Board of Directors consists of:

	Surname and first name	Position within Board of Directors
1.	Popa Manole	Administrator – Chairman
2.	Pujină Nelu	Administrator - Member
2.	Negreanu Laurenţiu	Administrator – Member

##### NOTE 2. Conclusion bases

###### a. Statement of conformity

The financial statements were concluded in accordance with:

- The International Standards of Financial Reporting (IFRS) adopted by the European Union;
- Law 82 of December 24, 1991 of accountancy, republished and updated;
- Order no. 881 of June 25, 2012 regarding the application by the trading companies, whereof securities are allowed to trading on a regulated market of the International Standards of Financial Reporting;
- Order no. 1286 of October 01, 2012 for the approval of Accounting Regulations according to the International Standards of financial reporting, applicable to the trading companies whereof securities are allowed to trading on a regulated market;

The financial statements were approved by the Management Board at the meeting of on 21.10. 2015.

###### b. Evaluation bases

The financial statements were concluded relying on the historical cost, excepting the buildings, real estate investment and lands that are evaluated at the fair value.

These financial statements were concluded based upon the continuity principle of activity, which supposes that the company is normally continuing its activity, without entering into liquidation or significant decrease of activity.

###### c. Operational and presentation currency

These financial statements are expressed in lei, this being, too, the operational currency of the Company.

All the financial information is expressed in lei, by rounding, without decimals.

###### d. Use of forecasts and professional reasoning

The preparation of financial statements in accordance with IFRS adopted by the European Union supposes from the management, the use of forecasts and assumptions that affect the application of accounting policies, as well as the reported value of assets, debts, incomes and expenses.

The forecasts and their related assessments rely on historical data and other factors considered as eloquent under the given circumstances, and the result of these factors constitutes the base of assessments used for the establishment of accounting value of assets and liabilities wherefore there are no other available evaluation sources. The effective results may be different from the foreseen values.



NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 2. Conclusion bases (continuation)**

The forecasts and assessments are periodically revised. The revisions of accounting forecasts are admitted during the period when the forecast is reviewed, if the revision only affects that period or within the current period and further periods, if the revision both affects the current period and the further periods. The effect of change, corresponding to the current period is admitted as income or expense during the current period. If applicable, the effect over the further periods is admitted as income or expense during those further periods.

The management of company considers that the possible differences to these forecasts would not significantly influence the financial statements in the near future.

The forecasts and assessments are especially used for depreciation adjustments of fixed assets, forecast of the useful life term of an amortizable asset, for the depreciation adjustment of receivables, for provisions, for the admission of assets regarding deferred interest. According to IAS 36, both the intangible assets and the tangible assets are analyzed in order to identify whether they present depreciation indexes or not.

If the net accounting value of an asset is higher than its recoverable value, a loss by depreciation is admitted to decrease the net accounting value of the relevant asset to the recoverable value level. If the admission reasons of the loss by depreciation disappear during the further periods, the net accounting value of the asset is adjusted up to the net accounting value level, which would have been established if no loss by depreciation was admitted.

The evaluation for the depreciation of receivables is individually issued and relies on the best forecast of the management, regarding the current value of cash flows that is foreseen to be received.

The company reviews its trading receivables and other receivables at each date of the financial position, in order to assess whether it must register in the statement of comprehensive income, value depreciation.

Especially the professional reasoning of the management is necessary for the estimation of value and for the coordination of further treasury flows when the depreciation loss is established. These forecasts rely on assumptions regarding multiple factors, and the real results may be different, leading to further changes of adjustments.

The assets regarding deferred tax are admitted for tax losses, as far as it is on the cards that a taxable profit whereby the losses should be able to be covered exists. The application of the professional reasoning is necessary for the establishment of the value of assets regarding the deferred tax that may admitted, based upon the probability regarding the period and level of the further taxable profit, as well as the further tax planning further strategies.

**e. Standards and interpretations effective in the current period**

The following amendments brought to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union are enforceable for the current period:

- **IFRS 10 „Consolidated financial statements”**, adopted by EU on December 11, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **IFRS 11 „Joint ventures”**, adopted by EU on December 11, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **IFRS 12 „Information to be presented on interests in other entities”**, adopted by EU on December 11, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **IAS 27 (reviewed in 2011) „Individual financial statements”**, adopted by EU on December 11, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **IAS 28 (reviewed in 2011) „Investments in associated entities”**, adopted by EU on December 11, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **Amendments to IFRS 10 „ Consolidated financial statements” IFRS 11 „ Joint ventures” and IFRS 12 „ Information to be presented on interests in other entities”– Guidelines for Transition**, adopted by EU on April 4, 2013 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 2. Conclusion bases (continuation)**

- **Amendments to IFRS 10 „Consolidated financial statements”, IFRS 12 „Information to be presented on interests in other entities” and IAS 27 (reviewed in 2011) „Separate Financial statements” – Investment companies**, adopted by EU on November 20, 2013 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **Amendments to IAS 32 „Financial Instruments: Presentation” – Financial assets and liabilities offsetting**, adopted by EU on December 13, 2012 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **Amendments to IAS 36 „Impairment of Assets”** – presentation of the recoverable amount for non-financial assets, adopted by EU on December 19, 2013 (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **Amendments to IAS 39 „Financial Instruments: Recognition and Measurement”** – novation of derivatives and continuation of the accounting for hedging of the foreign currency items (in force for annual periods starting with or after the 1<sup>st</sup> of January 2014);
- **Amendments to IAS 19 "Employee Benefits"** – defined benefit plans: employees contributions adopted by EU in December 17<sup>th</sup>, 2014 (effective for annual periods starting with or after February 1<sup>st</sup>, 2015);
- **Amendments to various standards „Improvements brought to IFRS (cycle 2010 - 2012)”**, as a result of the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS13, IAS 16, IAS 24, IAS 38 and IAS 37), primarily in order to eliminate inconsistencies and to clarify the wording, adopted by the EU in December 17<sup>th</sup>, 2014 (effective for annual periods starting with or after February 1<sup>st</sup>, 2015);
- **Amendments to various standards „Improvements brought to IFRS (cycle 2011 - 2013)”**, as a result of the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13, IAS 14 and IAS 40), primarily in order to eliminate inconsistencies and to clarify the wording, adopted by the EU in December 18<sup>th</sup>, 2014 (effective for annual periods starting with or after January 1<sup>st</sup>, 2015);
- **IFRCI 21 „Contributions”** adopted by EU in June 13<sup>th</sup>, 2014 (effective for annual periods starting with or after June 17<sup>th</sup>, 2014);

**f. Standards and interpretations issued by the IASB but not adopted by the EU**

Currently, the IFRS adopted by the EU do not show significant differences compared to the regulations adopted by the International Accountancy Standards Board (IASB) except the following standards, amendments brought to the existing standards and interpretations, that have not been approved by the EU on the date of the financial statements publishing (the entry into force dates mentioned below are entirely for the IFRS)

- **IFRS 9 „Financial instruments” and further additions**(in force for annual periods starting with or after the 1<sup>st</sup> of January 2018);
- **IFRS 14 „Regulation for the differed accounts”** (in force for annual periods starting with or after the 1<sup>st</sup> of January 2016);
- **IFRS 15 „Income from contracts with customers”** in force for annual periods starting with or after the 1<sup>st</sup> of January 2017);
- **Amendments to IFRS 10 „Consolidated financial statements” and IAS 28 „ Investments in associates and Joint Operations”** - clarifies the treatment of the sale or contribution of assets between the investor and the associate / joint venture (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IFRS 10 „ Consolidated financial statements”, IFRS 12 „Information to present regarding the interest in other entities” and IAS 28 „ Investments in associates and Joint Operations”** – Investment entities: The application of the exception from consolidation (effective for annual periods starting with or after January 1st, 2016);

## S.C. CONTED S.A.

### Individual financial statements on September 30, 2015, according to IFRS (all the amounts are in LEI, unless otherwise provided)

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#### NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

##### NOTE 2. Conclusion bases (continuation)

- **Amendments to IFRS 11 „Joint ventures”**- improving the method of accounting for interests in jointly controlled entities (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IAS 1 „Financial statements presentation”** – improvement of the presentation method (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IAS 16 „Tangible fixed assets” and IAS 38 „Intangible fixed assets”**– clarification of the acceptable methods of depreciation and amortization (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IAS 16 „Tangible fixed assets” and IAS 41 „Agriculture”**– **Agriculture-fruit plants** (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IAS 27 „Individual financial statements”- the equity method** (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to IAS 27 „ Individual financial statements”- the equity method** (effective for annual periods starting with or after January 1st, 2016);
- **Amendments to various standards „ Improvements brought to IFRS (cycle 2012 - 2014)”**, as a result of the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34), primarily in order to eliminate inconsistencies and to clarify the wording (effective for annual periods starting with or after February 1<sup>st</sup>, 2015);

The company estimates that the adoption of these standards, the amendments to the existing standards and the interpretations won't have a significant impact on the financial statements in the initial period of the adoption.

##### **g. Reporting by segments**

A segment is a distinct part of the Company, which supplies certain products or services (business segment) or supplies products and services in a certain geographic environment (geographic segment) and which is subjected to different risks and benefits than of the other segments.

From the point of view of the activity segments, the Company does not identify distinct parts from the point of view of risks and related benefits.

On 30 september 2015, the total sales, of 13.163.903 (2014:15.453.548), the amount of 13.016.124 (2014:15.316.099) represents the direct sales of products. From the total of direct sales of products on the internal market, amounting 7.521.904 (2014:10.328.839), the amount of 3.673.563 represents the sale to the main client on the internal market at the rate of 49% (2014:7.161.103 at the rate of 70%), and the following client on the internal market registered a rate of 30% sales amounting 2.288.555 (2014:1.159.015 at the rate of 11%). With respect to the direct sales of products on the external market, amounting 5.494.220 (2014:4.987.260 ), the amount of 4.687.033 (2014: 4.748.356) represents the sales to the main external client, at the rate of 85% (2014: 95%).

The results by segments are the results reported to the Management Board and to the General Manager and include both the directly assigned items to a segment and those assigned by reasonable assignment bases. The non-assigned items include debts, assets and debts for the profit interest, cash and cash equivalents. The assets shown for the activity segment especially include tangible assets and intangible assets, inventories and receivables, mainly excluding cash and current accounts at the banks.

The shown debts include the operational debts, excluding the delayed profit interest.  
All the assets of the Company are situated in Romania. The activity of the Company develops in Romania.

## S.C. CONTED S.A.

Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

### NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

#### NOTE 2. Conclusion bases (continuation)

The Company has a reporting segment - Manufacture of other clothing items (excluding the undergarments)

	<u>30. 09. 2015</u>	<u>30. 09. 2014</u>
Sales	13.163.903	15.453.548
Other incomes	13.802	17.211
<b>Total incomes</b>	<b>13.177.705</b>	<b>15.470.759</b>
Amortization	214.575	231.795
Operational expense, other than the amortization	12.094.575	13.723.287
<b>Operational result</b>	<b>868.555</b>	<b>1.515.677</b>
Net financial income (expense)	31.541	31.077
<b>Net profit before taxation</b>	<b>900.096</b>	<b>1.546.754</b>
Expense for the current and deferred profit interest (non-assigned)	149.439	318.092
Incomes related to the deferred profit interest	-	75.573
<b>Net result</b>	<b>750.657</b>	<b>1.304.235</b>
Assets	11.821.074	12.644.768
Debts	2.052.366	2.326.427
<b>The non-assigned assets include</b>	<b>3.540</b>	<b>11.641</b>
Cash and cash equivalents	3.540	11.641
<b>The non-assigned debts include</b>	<b>55.197</b>	<b>60.321</b>
Deferred profit interest	55.197	60.321

#### h. Related parties

A person or a close relative of the relevant person is considered related to a Company, if that person:

- It holds the control or the joint control over the Company;
- It has a significant influence over the Company; or
- it is a member of the personnel – key management

The key management personnel represents those persons who have the authority and responsibility of directly or indirectly planning, managing and controlling the activities of the Company, including any manager (executive or not) of entity. The transactions with the key personnel include exclusively the wage benefits granted to them, as described.

An entity is related to the Company if it meets either of the following conditions:

- The entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is related to the others);
- An entity is related entity or joint venture of the other entity (or related entity or joint venture of a member of the group whereto the other entity takes part);
- Both entities are joint ventures of the same third party;
- The entity is a plan of post-hiring benefits for the employees of reporting entity or of an entity related to the reporting entity. Provided that even the reporting entity represents itself such a plan, the sponsor employers are also related to the reporting entity;
- The entity is controlled or jointly controlled by a related person;
- A related person who holds the control significantly influences the entity or is a member of the management key personnel of entity (or of the parent company of the entity).

The Company does not develop transactions with the above mentioned entities.

## S.C. CONTED S.A.

Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

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### NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

#### NOTE 3. Significant accounting policies

The accounting policies below were consequently applied to all the periods shown by these individual financial statements by the Company.

##### a. Foreign currency

###### (i) Foreign currency transactions

The Company transactions in a foreign currency are registered at the exchange rates communicated by the National Bank of Romania for the transaction date. The balances in foreign currency are converted in lei at the exchange rates communicated by NBR. The benefits and losses resulted by the discount of transactions in a foreign currency and by the conversion of monetary assets and debts, expressed in foreign currency are admitted by the profit and loss account, within the financial result. The non-monetary assets and debts that are evaluated on the historical cost in a foreign currency are registered in lei at the exchange rate on the date of transaction. The non-monetary assets and debts expressed in a foreign currency that are evaluated at the fair value are registered in lei at the exchange rate of the date when the fair value was established.

The conversion differences are shown by the profit or loss account. The exchange rates of the main foreign currencies were as follows:

CURRENCY	Rate of exchange <u>September 30, 2015</u>	Rate of exchange <u>January 01, 2015</u>
EUR	4,4167	4,4821
USD	3,9342	3,6868

##### b. Tangible assets

###### (i) Admission and evaluation

The items included in tangible fixed assets are measured at the revalued amount, the latter being the fair value at the date of remeasurement, less any amortization for the fixed assets from the special building and Constructions group.

The cost of an element of tangible assets is the cash equivalent of price on the admission date.

On 31.12.2013 the last revaluation of the tangible assets group 212 "Constructions" and the land (which exist within the patrimony at this date) occurred. The depreciation was re-addressed proportionally with the modification of the gross accounting value of the asset, so that the accounting value of the asset, after the re-evaluation, will be equal with the revaluated value. The scope of the evaluation of the land was the estimation of the market value in order to be registered in the accounting evidence at the fair value. The fair value of the lands was determined based on the comparable market method, which reflects the recent transaction prices for the same properties.

The evaluation method applied to the „building" group is the direct comparison market method. The revaluation envisaged the adjustment of the net accounting value of the elements included in these categories on their fair value considering their physical status and their market value.

All buildings and lands are identified on their revaluated value, this value representing the fair value at the date of the revaluation minus any priory accumulated depreciation and any losses acquired by means of depreciation. The equipment, technical installations, machinery, measurement and control devices, transportation means are assessed at a cost minus the depreciation and losses of value.

The revaluation was issued by Mr. Lațcu Nicolae, ANEVAR member certified expert evaluator. The fair value was settled on each asset in gross revaluated values, and as their related depreciation.

In financial year ended at September 30, 2015, the tangible assets have not been revalued.

###### (ii) Further costs

The expense for repair or maintenance of fixed assets, issued for the recovery or maintenance of the value of these assets are admitted by the statement of global result, on the date of their performance, while the expense for the improvement of technical performances are capitalized and amortized during the rest of amortization term of the relevant fixed asset.

## S.C. CONTED S.A.

Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)

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### NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

#### NOTE 3. Significant accounting policies (continuation)

When the Company admits by the accounting value of a tangible asset, the cost of a partial replacement (replacement of a part), the accounting value of the replaced part, with its corresponding amortization, is stressed.

##### (iii) Amortization of tangible assets

The amortization is calculated for the cost depreciation. Using the linear amortization method during the operation term of fixed assets.

The foreseen periods by the main groups of intangible assets are as follows:

Asset	Years
Buildings (constructions)	40-60
Technical installations and machines	8-12
Measurement, control and adjustment machines and installations	2 - 4
Transport facilities	4 - 6
Fitting, office automation, protective equipment, human and material assets	9 – 15

The land does not depreciate. The land shown by the financial statements was revaluated by the Company in accordance with the legal regulations.

Provided that an accounting value of an asset is higher than the foreseen amount to be recovered, the asset is depreciated to the recoverable value.

The cost of major investment and other further expenses are included in the accounting value of asset. The major investments are capitalized during the rest life time of the relevant asset.

#### c. Intangible assets

##### (i) Other intangible assets

Other intangible assets procured by the Company are shown on cost, less the cumulated amortization.

Further expenses regarding intangible assets are only capitalized when the further economic benefits incurred by the asset they refer to, increase. The expenses that don't meet these criteria are admitted as expense on their accomplishment.

##### (ii) Amortization of intangible assets

The amortization is admitted by the statement of comprehensive income relying on the linear method during the foreseen life time of intangible asset. The most of intangible assets registered by the Company are represented by informatics programs. These are linearly amortized for 3 years.

#### d. Real estate investments

A real estate investment is owned for the procurement of incomes by rents or for the increase of the capital value or both. Consequently, a real estate investment generates treasury flows that are, on a high extent, independent to other assets owned by an entity. The accounting policy of the Company, regarding further evaluation of real estate investments is based on the evaluation model on the fair value. The changes of the fair value are admitted by the statement of global result.

#### e. Inventories

The inventories are declared on the minimum value between cost and net realizable value. The cost is established by using the first-in, first-out method ("FIFO"). The cost of finite products and half-finished products include materials, direct labor, other direct costs and production expenses, related to production (based upon the exploitation activity). The possible net value is the foreseen sale price in the common transactions.

#### f. Receivables and other similar assets

Except for the derived financial instruments that are admitted on the fair value and of goods expressed by a foreign currency, which are translated on the closing exchange rate, receivables and other similar assets

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 3. Significant accounting policies (continuation)**

are shown on amortized cost. The trading receivables and debts reflect the relations between the business and other businesses, related to the supply and reception of assets and services.

The receivables relating to the state budget may be pointed in the accountancy.

The assessment sheet of receivables and debts in foreign currency and of those with discount in lei, depending on the rate of exchange of a foreign currency is made at the foreign currency rate of exchange communicated by National Bank of Romania, valid on the date of closing the financial year.

The trading receivables, which the company registers result by the services provided by it related to third parties, according to the object of activity. The trading receivables express the rights of company towards other natural or legal entities, established by the sales of assets, performance of works and service provision, wherefore it must receive a retail equivalent or a counter-provision.

**g. Cash and cash equivalent**

The banking accounts include: values to be cashed, like checks and trading payments submitted to the banks, liquid assets in lei and foreign currency, checks of the entity, short term banking credits, as well as the interests related to liquid assets and credits granted by the banks in the current accounts.

The operations concerning encashment and payments in foreign currency are registered in the accountancy at the rate of exchange, communicated by the National Bank of Romania, on the date of operation.

At the end of each reporting period, the liquid assets in foreign currency and other government bonds, like the government bonds in foreign currency, bills of credit and deposits in foreign currency are assessed at the rate of exchange of the exchange stock, communicated by the National Bank of Romania, on the last bank day of the relevant month.

For the payment of duties to the providers, the trading company may require the opening of bills of credits at banks, in lei or in foreign currency, for them. For the conclusion of treasury flows statement, it is considered that the numeral is the cash of the cash office and the current banking accounts.

**h. Debts**

A debt is a current liability of the company, incurred by past events and wherefore discount, it is expected to result an output of resources that include economic benefits.

A debt is admitted in the accountancy and shown by the financial statements when it is probable that an output of economic benefit carrier resources will result by the payment of a current liability (probability) and when the value where to this discount will be issued may be credibly assessed (credibility).

The company does not admit a debt when the contractual liabilities are paid or cancelled or expire. If the provided assets and services related to the current activities were not invoiced, but if the delivery was made and their value is available, the relevant liability is registered as debt (not as provision).

**i. Employees' benefits**

**(i) Established contribution plans**

During the normal activity. The Company makes payments to the state health, pension and unemployment funds for its employees, on the statutory installments. All the Company employees are members of the Romanian state pension plan. These costs are admitted by the statement of comprehensive income with the admission of salaries.

The Company is not employed in any independent pension system and, as consequence, it does not have any other liabilities in this respect.

**(ii) Short term benefits**

The short term benefits of employees include the salaries, premiums and contributions to the social insurances. The short term benefits of employees are admitted as expense when the services are provided.

**j. Incomes**

**(i) Sale of assets**

The income comprises the amount invoiced for the sale of the products exclusive of VAT, deductions or discounts. The incomes obtained by the Company are identified based on the sale of products.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 3. Significant accounting policies (continuation)**

The incomes obtained from the sale of assets must be acknowledged by the Company when all of the following conditions have been observed:

- The company transferred the significant risks and benefits related to the property right upon the assets to the buyer;
- The company does not manage the assets sold at the level at which it would have normally managed them in case it would have owned property upon them and does not hold actual control upon them;
- The value of the incomes can be assessed in a reliable manner;
- It is possible that the economic benefits associated to the transaction are generated for the entity; and
- The costs undertaken or which are to be undertaken in connection to the respective transaction can be assessed in a reliable manner.

The sale of the products is acknowledged at the moment at which significant risks and benefits are transferred to the client. This instance takes place when the company sold or delivered products to the client, and the client accepted the products, and the reimbursement of the respective amounts is reasonably provided.

(ii) Service rendering

Service rendering is acknowledged in the accounting year in which the services are rendered making reference to the conclusion of the transaction.

(iii) Incomes generated from lease

Income generated from lease is acknowledged within the accounting year in which they are rendered.

**k. Incomes and financial expenses**

The incomes and expenses related to the interests are acknowledged in the statement of comprehensive income through the effective interest rate method.

The incomes generated from dividends are acknowledged within the statement of comprehensive income as of the date at which the right to receive such incomes is established.

The differences related to the currency rate which occur when monetary elements are settled or when the monetary elements are converted at different currency rates as compared to the ones at which they were converted during the initial acknowledgement (during the period) or in the previous financial statements are acknowledged as losses or profits in the statement of comprehensive income in the period in which they occur.

**l. Dividends and interests**

The interests must be acknowledged using the effective interest rate method. The incomes related to interests are acknowledged function of the time spent. If the received interests are related to the periods prior to the investment which is the carrier of the interest, only the ulterior interest is acknowledged as income and the other part diminishes the costs of the securities.

The royalties must be acknowledged based on the accrual accounting, in compliance with the goodwill of the related contract. When an uncertainty related to the collectability of a value which was already included in the incomes, the amount which cannot be collected or the amount of which collection ceased to be possible is acknowledged more like an expense than an adjustment of the value of the incomes initially acknowledged.

The incomes generated from dividends are acknowledged when the right of the shareholder to receive payment is established. The incomes generated from dividends are recorded at the gross value which includes the dividends' tax, which is acknowledged as a current expense in the period in which the distribution was approved.

The incomes generated from interests are acknowledged based on the accruals accounting, with reference to the non-reimbursed principal and the effective interest rate, that rate which updates the forecast future flows of the amounts which are to be received.



NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 3. Significant accounting policies (continuation)**

**m. Income tax**

The income tax related to the financial year comprises the current tax and the deferred tax. The income tax is acknowledged in the statement of comprehensive income or in other elements of the comprehensive income if the tax is related to the capital elements.

The current tax is the tax paid for the profit obtained during the current period, determined based on the percentages applied as of the date of the reporting and of all adjustments related to the previous periods. The current rate of the income tax in Romania amounts 16%.

The deferred tax is computed based on the tax rates which are expected to be applicable to the temporary differences upon the reactivation, based on the provisions of the regulations which are in force as of the date of reporting.

The debts and the receivables with respect to the deferred tax are compensated only if there is a legal right to compensate the current debts and receivables with the tax.

**n. Revaluation reserve**

The revaluations are performed with sufficient regularity so that the accounting value would not substantially differ from the one which would be determined using the fair value as of the date of the balance sheet.

In this respect, the company performed the revaluation of the tangible assets – group of constructions and real estate investments with independent assessors as of 31 December 2006, 31 December 2009, 31 December 2012 and 31 December 2013. The last re-assessment was performed as of 31 December 2013, when the tangible assets from the 212 group “Constructions”, real estate investments and land were revaluated.

The difference between the value resulted from the revaluation and the net accounting value of the tangible assets is presented at the reserve from revaluation, as a distinctive sub-element in „Ownership equity”.

If the result of the revaluation is an increase as compared to the net accounting value, then it is treated as follows: as an increase of the revaluation reserve presented within the ownership equity, if a prior decrease was not acknowledged as an expense related to that asset or as an income which would compensate the expense priorly incurred for that asset.

If the revaluation result is a decrease of the net accounting value, this is treated as an expense with the entire value of the depreciation when in the revaluation reserve no amount related to that asset is recorded (revaluation surplus) or a decrease of the revaluation reserve with the minimum between the value of that Reserve and the value of the decrease, and the potential difference which is not covered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the reported result when this surplus represents a gain. The gain is considered as performed when the asset for which the revaluation reserve was constituted is derecognized. After the date at which the transition to IFRS is performed any increase or decrease of the fair value after the revaluation will be acknowledged in the statement of comprehensive income.

**o. Earnings per share**

The basic earnings per share are computed through the division of the net result assigned to the ordinary shareholders at the average rate of the ordinary circulating shares during the period.

**NOTE 4. Settlement of the fair value**

Certain accounting policies of the Company and requirements related to the presentation of the information need the settlement of the fair value both for the assets and financial debts, as well as for the non-financial ones. Upon the assessment of assets or debts at the fair value, the Company uses if possible, information which can be observed on the market.

When the case, additional information with respect to the hypothesis used for the settlement of the fair value, are presented in the notes specific to the respective asset or debt (intangible assets, real estate investments).

Upon the assessment of the assets or debts at the fair value the Company uses if possible, information which can be observed on the market.

**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**NOTE 4. Settlement of the fair value (continuation)**

The hierarchy of the fair value classifies the input data for the assessment techniques used for the assessment of the fair value on three levels as follows:

- Level 1 – rated price (non-adjusted) on active markets for identical assets or debts which the entity can access upon the date of the assessment;
- Level 2 – input data, other than the rated prices included in level 1 which are noticeable for an asset or debt, either directly or indirectly;
- Level 3 - non-observable input data for the asset or debt.

If the input data for the assessment of the fair value of an asset or a debt can be classified on several levels of the fair value hierarchy, the assessment at the fair value is fully classified on the same level of the fair value hierarchy as an input data with the lower level of uncertainty which is significant for the entire assessment. The Company acknowledges the transfers between the levels of the hierarchy of the fair value at the end of the reported period, in which the modification occurred.

If the case, the additional information with respect to the hypothesis used for the settlement of the fair value are presented in the notes which are specific to the respective asset or debt (intangible assets, real estate investments). The Company proceeds to the reassessment of the intangible assets which are within its patrimony with sufficient regularity so that they will be presented in the financial statements at a fair value.

**NOTE 5. Incomes**

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
Asset sales	13.023.410	15.343.753
Provision of services	134.061	104.646
Incomes by the rent of real estate investments	6.432	5.149
<b>Total</b>	<b>13.163.903</b>	<b>15.453.548</b>

The turnover of the Company, registered on 30 September 2015 amounted to 13.163.903 of which export 5.564.210 and domestic 7.599.693 decreasing by 14,82%, compared to the same period of 2014, when we recorded the amount of 15.453.548 of which export 5.071.753 and domestic 10.381.795.

The turnover was mainly issued in its structure by the sale of our own production to 99%. The value of export sales to 30 September 2015 is 42,27% (2014:32,82%), while domestic sales represents 57,73% (2014:67,18%) of the turnover.

**NOTE 6. Operational incomes**

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
Incomes	13.163.903	15.453.548
Change in inventories	(30.746)	(117.116)
Other incomes	44.548	134.327
<b>Total</b>	<b>13.177.705</b>	<b>15.470.759</b>

**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**NOTE 7. Operational expenses**

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
Expenses for the raw materials and other materials	1.247.027	1.563.795
Expenses for energy and water	985.735	989.276
Expenses for the merchandise	135.960	152.000
<b>Total cost of materials</b>	<b>2.368.722</b>	<b>2.705.071</b>
<b>Expenses for salaries, social contributions and other benefits</b>	<b>9.059.714</b>	<b>8.942.477</b>
<b>Other exploitation expenses, whereof:</b>	<b>666.139</b>	<b>2.075.739</b>
Expenses for the external provisions:	588.393	1.990.956
- <i>Postal expenses</i>	27.994	31.021
- <i>Expenses for the maintenance and repairs</i>	38.880	33.753
- <i>Expenses for advertising and protocol</i>	36.853	34.732
- <i>Expenses for insurance</i>	13.753	15.695
- <i>Expenses for the transport and travel</i>	39.722	20.456
- <i>Expenses for the banking and similar</i>	7.378	7.265
- <i>Other expenses for the services provided by third parties</i>	423.813	1.848.034
Expenses for the interests, fees and associated payments	74.204	74.748
Expenses for the environment protection	413	422
Other expenses	3.129	9.613
<b>Expenses for the amortization</b>	<b>214.575</b>	<b>231.795</b>
<b>Total</b>	<b>12.309.150</b>	<b>13.955.082</b>

**NOTE 8. Expenses for salaries, social contributions and other benefits**

- Expenses for salaries and social contributions

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
Expenses for the salaries	6.584.436	6.277.646
Mandatory expenses for the social insurance contributions	1.624.867	1.814.842
Expenses for the food vouchers	850.411	849.989
<b>Total</b>	<b>9.059.714</b>	<b>8.942.477</b>
<b>Average number of staff</b>	<b>483</b>	<b>508</b>

The issued gross salary fund (respectively, the salary fund without medical rest supported by the employer), at September 30, 2015 was 6.584.436 compared to the first quarter of 2014 when we registered 6.277.646. If these amounts are added, too, the contributions related to the salary fund, supported by the Company, respectively:

- Social insurance contribution,
- Contribution for the establishment of the medical rest fund and indemnity,
- Contribution for the establishment of the unemployment fund,
- Contribution for the establishment of the warranty fund of salary receivables,
- Contribution for the health social insurances,
- Contribution for the establishment of the fund for persons with disabilities,
- contribution for the establishment of the risk fund and labor accidents, medical rest supported by the employer and other expenses for the working force, considered as social expenses, totally amounting 1.624.867, (2014:1.814.842), as well as the expenses for the food vouchers, amounting 850.411 (2014:849.989), it results a total expense for the staff, amounting 9.059.714, (2014:8.942.477).

**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**NOTE 8. Expenses for salaries, social contributions and other benefits (continuation)**

- expenses for other employee benefits

	<b>Short term</b>	
	<b>September 30, 2015</b>	<b>September 30, 2014</b>
<b>Employees' benefits</b>	<b>865.420</b>	<b>855.807</b>
Food vouchers	850.411	849.989
Social aids	15.009	5.818

According to the collective labor agreement, the benefits granted to employees are:

- Food vouchers granted according to Art. 31 of the Collective Labor Agreement in force;
- Social aids (decease aid, birth aid), according to Art. 38 of the Collective Labor Agreement in force;
- Days-off, paid for decease, marriage, birth, movement to a dwelling house, according to Art. 46 of the Collective Labor Agreement in force;
- Unpaid leave for the resolution of certain personal situations, according to Art. 46 of the Collective Labor Agreement in force;
- 30 days leave without payment and assertion of Diploma Work-paper on the higher education, according to Art. 47 of the Collective Labor Agreement in force;
- One year unpaid leave for mothers, for the purpose of child-raising, according to Art. 47 of the Collective Labor Agreement in force;

**NOTE 9. Financial incomes and expenses**

	<b><u>September 30,</u></b> <b><u>2015</u></b>	<b><u>September 30,</u></b> <b><u>2014</u></b>
Incomes by interests corresponding to bank deposits	64.303	68.122
Incomes by the exchange rate differences	31.000	22.429
<b>Total financial incomes</b>	<b>95.303</b>	<b>90.551</b>
Other expenses (expenses for the exchange rate differences)	63.762	59.474
<b>Total financial expenses</b>	<b>63.762</b>	<b>59.474</b>
<b>Net financial result</b>	<b>31.541</b>	<b>31.077</b>

The financial incomes mostly include the incomes by interests corresponding to term deposits, established by the company. These are admitted on the statement of comprehensive income, based upon the accountancy of commitments, using the effective interest method.

The financial expenses include the expenses for the rate of exchange differences. All the expenses are admitted by the statement of comprehensive income.

**S.C. CONTED S.A.****Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS****Note 10. Expense for the profit tax**

	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2014</u>
<b>Expense for the current profit tax</b>		
Current term	146.447	250.718
<b>Expense for the deferred profit tax</b>		
The deferred profit tax, corresponding to the amounts registered by the carried forward result, from other adjustments	-	63.481
The deferred profit tax, corresponding to the surplus issued by the amortized revaluation reserve as far as the use of asset transferred into the carried forward result	2.899	3.893
The deferred profit tax corresponding to the revaluation reserve remained unconsumed on the date of re-considering the transfer into the carried forward result	93	-
<b>Total expense for the profit tax</b>	<b>149.439</b>	<b>318.092</b>
<b>Reconciliation of the effective taxing rate</b>		
Term profit	900.096	1.546.754
Elements similar to incomes	18.702	472.329
Discounts	214.575	-
Other non-taxable incomes	-	75.573
Non-deductible expenses	242.895	63.554
Taxable profit	947.118	2.007.064
Income tax before the subtraction of amounts representing sponsorship	151.539	321.130
Discount of the profit tax (sponsorship)	2.100	3.039
Tax profit due at the end of the period	149.439	318.091
- current	146.447	250.718
- deferred	2.992	67.374

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**Individual financial statements on September 30, 2015, according to IFRS  
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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**NOTE 11. Tangible assets**

<b>Cost</b>	<b>Lands and buildings</b>	<b>Technical installations and transport facilities</b>	<b>Other tangible assets</b>	<b>Total</b>
<b>Balance on January 01, 2015</b>	<b>5.388.362</b>	<b>8.037.366</b>	<b>206.937</b>	<b>13.632.665</b>
Procurements	3.443	654.114	–	657.557
Fixed asset outputs	1.684	10.285	2.962	14.931
<b>Balance on September 30, 2015</b>	<b>5.390.121</b>	<b>8.681.195</b>	<b>203.975</b>	<b>14.275.291</b>
<b>Amortization</b>				
<b>Balance on January 01, 2015</b>	<b>2.172.080</b>	<b>7.443.969</b>	<b>161.302</b>	<b>9.777.351</b>
Amortization during the semester	95.346	99.593	4.822	199.761
Accumulated amortization related to outflows	1.329	10.285	2.962	14.576
<b>Balance on September 30, 2015</b>	<b>2.266.097</b>	<b>7.533.277</b>	<b>163.162</b>	<b>9.962.536</b>
<b>Balance on January 01, 2015</b>	<b>3.216.282</b>	<b>593.397</b>	<b>45.635</b>	<b>3.855.314</b>
<b>Balance on September 30, 2015</b>	<b>3.124.024</b>	<b>1.147.918</b>	<b>40.813</b>	<b>4.312.755</b>

Tangible assets increased on 30.09.2015, following the acquisition of machinery supporting strict manufacturing sector to operate under optimal and quality conditions.

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**Individual financial statements on September 30, 2015, according to IFRS  
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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**NOTE 12. Intangible assets**

	<b>Concessions, patents, licenses and trade marks</b>	<b>Other assets</b>	<b>Total</b>
<b>Cost</b>			
<b>Balance on January 01, 2015</b>	<b>27.960</b>	<b>97.466</b>	<b>125.426</b>
Procurements	1.766	39.937	41.703
Intangible asset outputs	-	-	-
<b>Balance on September 30, 2015</b>	<b>29.726</b>	<b>137.403</b>	<b>167.129</b>
<b>Amortization</b>			
<b>Balance on January 01, 2015</b>	<b>24.461</b>	<b>88.717</b>	<b>113.178</b>
Amortization during the semester	1.493	12.654	14.147
Accumulated amortization related to outflows	-	-	-
<b>Balance on September 30, 2015</b>	<b>25.954</b>	<b>101.371</b>	<b>127.325</b>
<b>Balance on January 01, 2015</b>	<b>3.499</b>	<b>8.749</b>	<b>12.248</b>
<b>Balance on September 30, 2015</b>	<b>3.772</b>	<b>36.032</b>	<b>39.804</b>

**S.C. CONTED S.A.****Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS****NOTE 12. Intangible assets (continuation)**

Intangible assets on September 30, 2015, at the net value of 39.804 (January 01, 2015:12.248), represent the un-amortized part of used licenses and informatics programs. The amortization period of intangible assets is 3 years. Intangible assets have increased due to acquisition of a licensed software worth 36.849.

**NOTE 13. Real estate investments**

	Cost	Amortization	Net worth
<b>Balance on January 1, 2015</b>	<b>51.664</b>	<b>14.695</b>	<b>36.969</b>
Procurements, value adjustments	-	-	-
Amortization during the term	-	667	667
<b>Balance on September 30, 2015</b>	<b>51.664</b>	<b>15.362</b>	<b>36.302</b>

The real estate investments include an apartment with 3 rooms, which is rented based on an agreement, with the validity of 12 months, having the possibility of extension.

The real estate investments are real estates held by the company for rental or for the increase of their value.

The real estate investments are initially evaluated at cost and further on their fair value, and any amendment of it is recognized by the statement of global result.

The evaluation on the fair value is established based on the evaluation issued by Mr. Lațcu Nicolae, ANEVAR member certified expert evaluator. The last revaluation was issued on 31.12.2013. The revaluation aimed the adjustment of the accounting net value to the fair value, taking into account the physical state and the market value.

The amount of rental income on September 30, 2015 was of 6.432. The Company has not made significant repairs and had no other real estate investment costs during the preceding financial year. There were no changes in the real estate investments structure.

**NOTE 14. Inventories**

	<u>September 30, 2015</u>	<u>January 01, 2015</u>
Raw materials and materials	518.068	703.129
Manufacture in progress	248.961	376.676
Finite products	1.035.720	1.076.851
<b>Total inventories</b>	<b>1.802.749</b>	<b>2.156.656</b>

The cost of stocks recognized as expense on September 30, 2015 year with respect to the permanent operations was 1.382.987. The company did not register discounts of the accounting value of stocks recognized as expense during the period.

**NOTE 15. Trading and associated receivables, other receivables and advance expenses**

	<u>September 30, 2015</u>	<u>January 01, 2015</u>
Trading receivables	1.588.657	2.242.329
Providers - debtors	3.505	-
VAT to recover	7.291	17.920
Non-exigible VAT	27.449	27.295
Other receivables	2.564	1.113
<b>Total</b>	<b>1.629.466</b>	<b>2.288.657</b>
Expenses registered in advance	9.164	11.292



**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)**

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS****NOTE 15. Trading and associated receivables, other receivables and advance expenses (continuation)**

The trading receivables of the Company are expressed by the following foreign currencies:

<b>Foreign currency</b>	<b><u>September 30, 2015</u></b>	<b><u>January 01, 2015</u></b>
Euro equivalent in lei	954.698	351.332
LEI	633.959	1.890.997
<b>Total</b>	<b>1.588.657</b>	<b>2.242.329</b>

The trade receivables are registered on the rated value and are described in the analytical accountancy per each natural or legal entity. The receivables in foreign currency were evaluated based on the enforceable rate of exchange at the end of the financial year, and the differences of the exchange rate were recognized as incomes or expenses of the period.

The structure by aging of trade receivables on the date of 30 September 2015, un-cashed on the established term, amounting 792.708 is:

- Outstanding debts between 0 and 60 days amounting 790.069
- Outstanding debts over 60 days, amounting 2.639.

The Company considers that the recognition of an adjustment for depreciation for the outstanding trading receivables is not necessary, because the sold of trading receivables corresponds to the customers with a good payment history.

**NOTE 16. Cash and cash equivalent**

	<b><u>September 30, 2015</u></b>	<b><u>January 01, 2015</u></b>
Cash of the cash office	3.311	3.137
The banking current accounts and short term deposits	3.983.260	3.883.841
Cash equivalents	4.263	9.445
<b>Total</b>	<b>3.990.834</b>	<b>3.896.423</b>

The current accounts opened at the banks, as well as the bank deposits are permanently available to the Company and are not restricted.

The short term deposits are established with a fixed interest during the whole term wherefore the deposit is established.

**NOTE 17. Capital and reserves****a. Share capital**

Subscribed and paid share capital on September 30, 2015	2.284.360,06
Subscribed and paid number of shares on September 30, 2015	239.702 shares
Rated value of a share	9,53
Characteristics of issued, subscribed and paid-up shares:	Ordinary, nominative and dematerialized

The ordinary shares are classified as a part of equity.

The securities of Company (shares) are registered and traded on the second class of shares of the Stock Exchange of Bucharest. All the shares have the same voting.

On 30.09.2015, the share capital of the company was not changed concerning its adjustment or decrease. The share capital registered on September 30, 2015 is 2.284.360,06.

**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**NOTE 17. Capital and reserves (continuation)**

The shareholding structure of the company at 31 august 2015 ( the last database of 2015 which S.C.Conted S.A. holds ) is:

	Number of shareholders	Number of shares	Amount (lei)	%
Popa Manole	1	61.184	583.084	25,5250
Pujină Nelu	1	48.689	464.006	20,3123
Negreanu Valeria	1	23.976	228.491	10,0024
Other shareholders, whereof:	793	105.853	1.008.779	44,1603
- legal entities		9.455	90.106	3,9445
- natural entities		96.398	918.673	40,2158
<b>TOTAL</b>	<b>796</b>	<b>239.702</b>	<b>2.284.360</b>	<b>100,00</b>

**b. Revaluation reserves of tangible assets**

The revaluation reserves of tangible assets on September 30, 2015 decreased compared to January 01, 2015 by 18.119, representing the revaluation surplus that transferred to the account 1175 "Carried forward result, representing the surplus by revaluation reserves".

**c. Legal reserves**

The legal reserves of the company, on September 30, 2015 respectively January 01, 2015 amount 456.661 consequently to the establishment of legal reserve (5% of the accounting profit, established according to Law 571/2003, as further amended and completed and Law 31/1990 as further amended and completed).

The legal reserves cannot be distributed to the shareholders.

**d. Other reserves**

The company registers on 1<sup>st</sup> of January, 2015, respectively on September 30, 2015 "other reserves" account 1068 amounting 4.080.948.

	<u>September 30, 2015</u>	<u>January 01, 2015</u>
Revaluation reserve of tangible assets	1.016.409	1.034.528
Legal reserves	456.661	456.661
Other reserves	4.080.948	4.080.948
<b>Total</b>	<b>5.554.018</b>	<b>5.572.137</b>

**e. Financial year result**

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Exploitation profit	868.555	1.515.677
Financial profit	31.541	31.077
<b>Gross result</b>	<b>900.096</b>	<b>1.546.754</b>
Expense for the current profit tax	146.447	250.718
Expense for the deferred profit tax	2.992	67.374
Incomes by the deferred profit tax	-	75.573
<b>Net result</b>	<b>750.657</b>	<b>1.304.235</b>

**S.C. CONTED S.A.****Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS****NOTE 18. Result per share**

The calculation of profit per share was made relying on the profit assignable to the ordinary shareholders and number of ordinary shares.

The diluted result per share is equal to the result per basic share, because the company did not register potential ordinary shares.

<b>Profit assignable to the shareholders</b>	<b><u>September 30, 2015</u></b>	<b><u>September 30, 2014</u></b>
<b>Term profit</b>	<b>750.657</b>	<b>1.304.235</b>
Number of ordinary shares	239.702	239.702
Basic share profit	3,1316	5,441
Diluted profit per share	3,1316	5,441

**NOTE 19. Trading debts and other debts**

	<b><u>September 30, 2015</u></b>	<b><u>January 01, 2015</u></b>
Trading debts - providers	652.138	409.657
Debts for the current profit tax	38.125	44.091
Debts for the deferred profit tax	974	1.078
Debts for the staff and assimilated accounts	369.813	321.265
Social insurances and state budget, other interests and fees	379.433	361.557
Providers - un-arrived invoices	113.857	118.904
Amounts due to shareholders	274.918	237.920
Other debts	167.911	-
<b>Total current debts</b>	<b>1.997.169</b>	<b>1.494.472</b>
Debts for the deferred tax	55.197	58.096
<b>Total long term debts</b>	<b>55.197</b>	<b>58.096</b>
<b>Total debts</b>	<b>2.052.366</b>	<b>1.552.568</b>

The payables are registered on the rated value and noted in the analytical accountancy per natural or legal entity. The payables in foreign currency were evaluated based on the currency rate of exchange enforceable at the end of the year, and the differences of the exchange rate were recognized as incomes or expenses of that period.

The payables with personnel, with the budget of social securities and the state budget represent current liabilities related to September 2015, with the exigibility term in October 2015.

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS**

**Note 20. Risk management**

The main purpose of risk management is to help understanding and identifying the risks which the Company is exposed to, so that they can be anticipated and managed as not to affect the efficient fulfillment of the Company's objectives.

S.C. CONTED S.A. Dorohoi does not hold any financial instruments, however the management of the company indicates that it understands and knows the information requirements of IFRS 7 related to the nature and extent of risks arising from the financial instruments and their importance.

The Company's strategy regarding the management of significant risks provides a framework for identifying, assessing, monitoring and control of these risks, in order to maintain them at acceptable levels depending on the company's risk appetite and its ability to cover (absorb) these risks.

The objectives of the strategy related to the significant risk management are as follows:

- determination of significant risks that may arise during the normal course of business of the company and the formalization of a robust framework for their management and control, in line with the objectives of the overall business strategies of S.C. CONTED S.A. Dorohoi. This can be achieved by adopting the best practices, adapted to the size, risk profile and strategy of the company;
- developing the risk mapping to facilitate their identification, to structure them and to rank them depending on the possible impact on the current activity;
- Promoting a culture of awareness and risk management in all company structures.

Within S.C. CONTED S.A. Dorohoi, the risk management activity is aimed to fulfill these objectives. Within the process of risk management, the company aims to develop policies, standards and procedures by which it can identify, assess, monitor and control or mitigate the significant risks. This framework will be reviewed periodically, according to the risk profile and risk tolerance, as well as due to the changes in legislation, variations of the internal or external regulations. To this end, the identification and assessment of risks that may arise in the conduct of significant activities is an ongoing activity.

The whole personnel must understand the risks that may arise during the performance of the activity, as well as the responsibilities incumbent related to the management of these risks. Thus, the company must provide, maintain and continually develop a robust and consistent risk culture, in all structures.

**a) Risk related to capital**

The management of the risk related to the capital is aimed to ensure the ability to work under good conditions by optimizing the capital structure (equity and payable). Within the analysis of the capital structure the cost of the capital and the risk associated to each class is taken into account. In order to maintain an optimal capital structure and an appropriate level of payable, the company proposes to its shareholders an appropriate dividend policy.

**b) Currency risk**

Within the business of the company, one of the risks that are frequently met is the currency risk, which is the possibility of incurring financial losses arising from variations of the rates of exchange and/or correlations between them.

On the other hand, the depreciation of the national currency against major currencies is determined by the intensity of domestic policy which has negative consequences on the financial markets, on the exchange rate and on the stock exchange. The receivables and payables of the company are recorded into the accounting books of the company at their nominal value. The receivables and liabilities in foreign currencies are registered into the accounting books in lei, at the rate of exchange in force at the time of operation performance.

The differences in the rate of exchange between the date of registration of receivables and of the payables in foreign currency, the date of collection, respectively the date of payment thereof shall be recorded as financial income or expenses, as appropriate.

The receivables, payables and availabilities in foreign currency were revalued at the end of each month.

**c) Liquidity risk and cash flow**

This risk results from the incapacity of the company to meet its payment liabilities at any time on short term. On the other hand, the liquidity risk is caused by increased taxation. When we talk about inland revenue, we are talking first about predictability, and the business environment is exposed to sudden changes related to the tax matters (modification, apparition of new taxes, and contributions).

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS

**Note 20. Risk management (continuation)**

Within S.C. CONTED S.A. Dorohoi, the liquidity risk is reduced, and during September 30, 2015 there were no long-term credits contracted or loans with state guarantees.

**d) Price reducing risk**

S.C. CONTED S.A. Dorohoi is exposed to a risk of reducing the prices of textiles, due to reduced national budgets as a result of the prolonged economic crisis.

**e) Risks of lohn system**

Mainly S.C. CONTED S.A. Dorohoi produces textiles using the lohn system (CM – cut and make) but it can produce textiles with its own fabrics (imported from France, Italy, Spain, Turkey etc.) and auxiliary, at the customer's request (CMT – cut-make-trim).

Over the time, S.C. CONTED S.A. Dorohoi may be more or less affected by the changes of what we call environment or external factors, certain factors of this environment may adversely affect the activity of this company. These political, legal, economic, social and cultural factors can have a negative impact, therefore creating a failure transposed in high response time into the market and delays in delivery.

Political and legal factors can influence the company's business that operates according to the lohn system by imposing regulations that may be related to import-export of goods, economic factors that influence the economy of a country which can also influence the purchasing power.

**f) Political and legislative risk**

Legislative changes related to the textiles market lead to a legal risk that must be managed at all times. The company's effort to adapt constantly to varying legislative requirements can generate significant additional costs and potential future amendments to the legislative framework could have negative effects on the activity and profitability of the company.

**g) Risks to losing certain markets (contracts)**

The decreases of the legislative conditions on the local market, the decrease of the products price on the market that can situate the company on a non-competitive position, loss of interest of the partner for the products of Conted as a consequence of the introduction of new products on the market, lead to loss of market (contracts).

**h) Operating risks**

One of the serious problems that S.C. CONTED S.A. is currently facing is that related to the recruitment and employment of staff specialized in textiles. Failure to attract a sufficient number of suitably qualified personnel, migration, incapacity to adapt to the labor market, and increased personnel costs are risks that might affect the work done by the issuer.

Among the uncertainty factors that could affect the Company's business we can mention:

- producing clothing that can stand on the circuit and on stock for more than one month, due to delay of supply with raw materials and auxiliary materials from customers;
- temporary suspension of activity due to unexpected circumstances;
- increasing the minimum gross salary guaranteed for payment, which will decrease the attractiveness of light industry;

The increase the minimum gross salary guaranteed for payment at the level of the country of the workers in the textile industry, may lead to loss of contracts by clothing factories in Romania and they are transferred to countries with cheaper labor force. The related industry is losing its competitiveness year after year, and the lohn system "migrates" into cheaper countries with much lower wage levels.

S.C. CONTED S.A. Dorohoi implements a constant supervision of operational risks in order to take measures to keep them at an acceptable level, which does not threaten its financial stability, the interests of the creditors, shareholders, employees, and partners.

**S.C. CONTED S.A.**

**Individual financial statements on September 30, 2015, according to IFRS  
(all the amounts are in LEI, unless otherwise provided)**

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS ACCORDING TO IFRS****NOTE 21. Associated parties**

The company does not have relations with the associated parties.

**Trades with the management key staff****Loans granted to managers**

The company did not grant advance, credits or loans to the management board, management and supervisory members, in the year ended 30 September 2015.

**Benefits of the management key staff**

The salary rights of the General Manager are established by the Management Board according to the legal provisions and the commission agreement. The remuneration of the Management Board members are approved by the General Assembly of the Shareholders.

**Granted salary rights**

	<b>No. of persons</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>
General Manager	1	105.335	95.817
Members of the Management Board	3	401.931	398.385

**NOTE 22. Further events on September 30, 2015**

There are no further events that may influence the current financial statements.

**Annex 30B/Reg. CNVM no. 1/2006**

**ECONOMICAL - FINANCIAL INDICATORS on the third quarter of 2015 year**

<b>Name of indicator</b>	<b>Calculation method</b>	<b>September 30, 2015</b>
1. Current liquid asset indicator	Current assets/ Current debts 7.423.049 / 1.997.169	3,72
2. Indebtedness indicator	Borrowed capital/Own capital x100 0/ 9.768.708 x 100	0
3. Rotation speed of debts - clients (no. of days)	Client average balance/Turnover x 270 2.646.557 / 13.163.903 x 270	54
4. Rotation speed of frozen assets - clients (no. of rotations)	Turnover/Frozen assets 13.163.903 / 4.388.861	3

**Chairman of the Board of Directors,**  
Ec. POPA MANOLE



*[Handwritten signature in blue ink]*

**Chief Economic Office,**  
Ec. Mihai Elena

*[Handwritten signature in blue ink]*