

**OLTCHIM SA in judicial reorganization**

**UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
ON DECEMBER 31, 2015**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
ADOPTED BY THE EUROPEAN UNION ACCORDING  
TO THE PUBLIC FINANCE MINISTRY ORDER NO. 1286/2012  
WITH SUBSEQUENT MODIFICATIONS**

**(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)**

<b>CONTENTS</b>	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1-4
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
UNCONSOLIDATED STATEMENT OF GLOBAL RESULT	6
UNCONSOLIDATED STATEMENT OF CASH FLOW	7
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS	9-51
SPECIAL ADMINISTRATOR REPORT	1-44

To the Shareholders of,  
S.C. Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement  
Râmnicu Vâlcea, România

## **INDEPENDENT AUDITOR'S REPORT** (free translation)

### **Report on the standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of S.C. Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement ("the Company") which comprise statement of financial position as at December 31, 2015, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the standalone Financial Statements*

2. The Company's management is responsible for the preparation and fair presentation of these standalone financial statements in accordance with International Financial Reporting standards as adopted by European Union, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the standalone financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's standalone financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the standalone financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## *Basis for Qualified Opinion*

6. As at December 31, 2015 the Company registered non-current assets in amount of RON 717,624,907, revaluation reserve in amount of RON 213,761,815 and a deferred tax liability recognized for revaluation reserves that will be taxable in the future in amount of RON 34,201,890. Further to the initiation of the insolvency proceedings, the Company revalued all its non-current assets, based on the revaluation report dated July 20, 2013, issued by an independent valuer, which used April 30, 2013 as reference date for determining the fair value thereof. The results of the revaluation based on the report mentioned above were recorded by the Company as at December 31, 2013. As at December 31, 2014 and December 31, 2015, the Company recorded adjustments for the impairment of non-operational non-current assets so they are recorded at the liquidated value established by the evaluator as at April 30, 2013. The Company has not made a fair value evaluation of non-current assets as at December 31, 2014 and December 31, 2015. Given the above, we cannot quantify the impact of possible adjustments to the value of non-current assets as at December 31, 2014 and December 31, 2015, to the revaluation reserves and to deferred tax liabilities reported by the Company as at December 31, 2014 and December 31, 2015, or the impact thereof on the separate statements of financial position as at December 31, 2014 and December 31, 2015 and the separate statements of comprehensive income for the respective years.

## *Opinion*

7. In our opinion, except for the possible effects of the matter described in paragraph 6 "Basis for Qualified Opinion", the standalone financial statements present fairly, in all material respects, the financial position of S.C. Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by European Union and the accounting policies described in the notes to the stand alone financial statements.

## *Observations*

8. We draw attention to note 33 to the standalone financial statements, which indicates that the Company must invest approximately EUR 22,5 million in order to comply with the environment protection legal stipulations. Realization of these investments depends on the financing sources that the Company will be able to contract. Our opinion is not qualified in this respect.

## *Other Matters*

9. The Company's financial statements prepared in accordance with the International Financial Reporting Standards, as adopted by European Union, as at December 31, 2014 and for the year then ended were audited by another auditor who issued a qualified opinion on March 30, 2015, as it follows:

- As presented in the audit report prepared for the year ended December 31, 2013, issued on March 27, 2014, the predecessor auditor was not able to issue an opinion due to the fact that we could not obtain sufficient and proper audit evidence as regards: the going concern principle, the opening balances for the year ended December 31, 2012, the revaluation of non-current assets and the employees' benefits upon retirement. Given that opening balances contribute to determining the comprehensive income and cash flows, the predecessor auditor was unable to determine whether changes to the financial performance are required, for the year ended December 31, 2014, as a result of the mentioned matters;
  - As at December 31, 2014, the Company registered non current assets in amount of RON 792,222,969, revaluation reserve in amount of RON 213,761,815 and deferred tax liabilities recognized for revaluation reserves that will become taxable in the future, in amount of RON 34,201,890. Further to the initiation of the insolvency proceedings, the Company revalued all its non-current assets held by it, based on the revaluation report dated July 20, 2013 issued by an independent valuer, which used April 30, 2013 as reference date for the fair value thereof. The results of the revaluation, based on the report mentioned above were registered by the Company as at December 31, 2013. In addition, as at December 31, 2014, the Company registered adjustments for the impairment of non-operational non-current assets so they are recorded at the liquidated value established by the evaluator as at April 30, 2013. The Company has not made a fair value evaluation of non-current assets as at December 31, 2014. Also, given the Company's obligations to comply with the Environmental rules for obtaining the Comprehensive Environmental Permit, the Company should have recognized as asset the discounted amount of expenses estimated as necessary to settle the liability. Given the above, the predecessor auditor cannot measure the impact of potential adjustments to the value of non-current assets as at December 31, 2014, to the revaluation reserve and to deferred tax liability reported by the Company as at December 31, 2014, or the impact thereof in the separate statement of financial position as at December 31, 2014 and the separate statement of comprehensive income for the respective years.
  - As presented in note 2.23, the Company calculated and recorded provisions for employee-related liabilities upon retirement as per the Collective Labor Agreement, in amount of RON 10,271,741. Order no. 1286/2012 provides that such provisions be calculated by an actuary. The predecessor auditor was not able to measure the impact of any additional adjustments on retained earnings, on other items of equity and provisions for employee-related liabilities.
10. We draw attention to Note 2 of these separate financial statements, according to which S.C. Oltchim S.A. is the parent company of Oltchim Group. The Company's management is decided to issue consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, within the legal term.
11. This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

## **Report on conformity of the administrators' report with the standalone financial statements**

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

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

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

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

Madeline Alexander, Audit Partner

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

*Registered with the Chamber of Financial Auditors of Romania under certificate no. 36/7.10.2000*

*On behalf of:*

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

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

Bucharest, Romania  
March 28, 2016

**OLTCHIM SA company in judicial reorganisation****Unconsolidated statement of financial position for the year ended at December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

	Note	December 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets	15	708.644.292	782.300.470
Real estate investments	15	6.821.731	6.950.244
Intangible assets	16	2.004.464	2.817.836
Financial assets	17	154.419	154.419
<b>Total fixed assets</b>		<b>717.624.907</b>	<b>792.222.969</b>
<b>Current assets</b>			
Stocks	18	39.437.957	40.560.313
Commercial receivables	19	29.348.189	44.628.488
Taxes and charges to be recovered	20	13.253.083	14.585.691
Other receivables	21	12.454.734	11.227.487
Cash and cash equivalents	22	13.328.457	4.880.174
<b>Total current assets</b>		<b>107.822.420</b>	<b>115.882.153</b>
<b>TOTAL ASSETS</b>		<b>825.447.327</b>	<b>908.105.122</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23	1.018.299.809	1.018.299.809
Reserves	23	228.594.771	228.594.771
Retained earnings	23	(1.785.562.719)	(4.083.638.663)
<b>Total equity</b>		<b>(538.668.139)</b>	<b>(2.836.744.083)</b>
<b>Long term liabilities</b>			
Borrowings	24	615.689.723	3.428.965
Incomes in advance	25	5.106.933	5.960.727
Deferred tax liabilities	26	34.201.890	34.201.890
Provisions for employees' benefits and litigation	27	9.179.974	15.527.782
Other long term liabilities	27	21.316.447	6.723.150
Commercial liabilities	28	368.740.276	-
Fees and taxes liabilities	29	29.512.311	-
<b>Total long term liabilities</b>		<b>1.083.747.554</b>	<b>65.842.514</b>
<b>Current liabilities</b>			
Borrowings	24	-	1.767.246.515
Commercial liabilities	28	119.730.636	1.698.670.910
Fees and taxes liabilities	29	63.943.501	70.691.701
Other liabilities	30	96.693.775	142.397.565
<b>Total current liabilities</b>		<b>280.367.912</b>	<b>3.679.006.691</b>
<b>Total liabilities</b>		<b>1.364.115.466</b>	<b>3.744.849.205</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>825.447.327</b>	<b>908.105.122</b>

Unconsolidated financial statements presented were approved by the management on March 28, 2016 and signed on its behalf by:

Special Administrator  
Stanescu Nicolae Bogdan Codrut

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes are an integral part of these unconsolidated financial statements.

**OLTCHIM SA, company in judicial reorganisation****Unconsolidated statement of global result for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

	Note	Ended year on December 31, 2015	Ended year on December 31, 2014
Net sales	5	747.944.264	627.531.194
Investments incomes	6	8.593.150	7.858.088
Other gains or (losses)	7	2.385.469.737	(4.239.236)
Stock variations		(4.723.020)	8.819.584
Expenses with raw materials and materials	8	(370.183.600)	(365.680.409)
Expenses with energy and water	8	(170.545.361)	(156.749.831)
Expenses with assets' depreciation and amortization	9	(85.774.823)	(409.013.110)
Salary expenses	10	(118.839.822)	(114.248.652)
Net cost of finance	11	(2.463.044)	(8.305.084)
Subsidies incomes		853.794	1.392.385
Other expenses	12	(60.548.985)	(46.685.168)
<b>Profit / (Loss) before taxation</b>		<b>2.329.782.290</b>	<b>(459.320.239)</b>
Profit tax	13	(35.653.100)	-
<b>Net Profit / (Loss)</b>		<b>2.294.129.190</b>	<b>(459.320.239)</b>
<b>Other elements of global result</b>		-	-
<b>Total global result</b>		<b>2.294.129.190</b>	<b>(459.320.239)</b>
<b>Profit / (Loss) per share</b>	<b>14</b>	<b>6,6843</b>	<b>(1,3383)</b>
Number of shares		343.211.383	343.211.383

Unconsolidated financial statements presented were approved by the management on March 28, 2016 and signed on its behalf by:

Special Administrator  
Stanescu Nicolae Bogdan Codrut

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes are an integral part of these unconsolidated financial statements.



**OLTCHIM SA, company in judicial reorganisation**  
**Unconsolidated statement of cash flows for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows from operating activities</b>		
<b>Net profit / (Loss) of the year</b>	<b>2.294.129.190</b>	<b>(459.320.239)</b>
<i>Adjustments for non-cash items</i>		
Depreciation of assets expenses	103.972.604	139.992.686
Loss on the disposal of intangible assets	-	71.944
Expenses / (Income) from depreciation adjustments on current assets	(1.387.780)	(207.258)
Depreciation of subsidies	(853.794)	(1.392.385)
Interest expenses, net	2.105.294	7.725.972
Depreciation / (Reversal of depreciation) tangible assets	(18.197.781)	269.020.425
(Reversal) / Registration of provisions for litigations	(5.256.041)	5.256.041
Tax on current profit	35.653.100	-
Incomes from production of tangible assets	(5.399.302)	(3.438.250)
Net incomes from cancellation of debts, according to Reorganization Plan	(2.370.932.079)	-
<b>Operational profit (loss) before floating capital changes</b>	<b>33.833.411</b>	<b>(42.291.064)</b>
(Increase) / Decrease in stocks	2.487.574	(5.844.475)
(Increase) / Decrease in receivables	(280.951.772)	(208.774.134)
Increase / (Decrease) in liabilities	258.817.965	260.042.394
<b>Changes in floating capital</b>	<b>(19.646.233)</b>	<b>45.423.785</b>
<b>Cash flows from operating activities</b>	<b>14.187.178</b>	<b>3.132.721</b>
Paid interest	-	(17.261)
<b>Cash flows from operational activities</b>	<b>14.187.178</b>	<b>3.115.460</b>
<b>Cash flow used in investing activities</b>		
Collected interest	38.564	45.040
Acquisition of tangible and intangible assets	(5.777.459)	(3.578.310)
Received dividends	-	-
<b>Cash flow used in investing activities</b>	<b>(5.738.895)</b>	<b>(3.533.270)</b>
<b>Cash flow generated from financing activities</b>		
Variation of short term loans	-	6.857.930
Variation of long term loans	-	(6.857.930)
Lease payments	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>8.448.283</b>	<b>(417.810)</b>
<b>Movement in cash flow :</b>		
<b>Cash at beginning of year</b>	<b>(514.981.428)</b>	<b>(514.563.618)</b>
Cancellation/Reclassification of the loans according to the Reorganization Plan*	519.861.602	-
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>8.448.283</b>	<b>(417.810)</b>
<b>Cash at end of period</b>	<b>13.328.457</b>	<b>(514.981.428)</b>

\*The amount eliminated from the cash at beginning of year, following the termination of the loans agreements according to the Reorganization plan. The balance of cash and cash equivalents, without overdrafts, at December 31, 2014 was 4.880.174 lei.

Unconsolidated financial statements presented were approved by the management on March 28, 2015 and signed on its behalf by:

Special Administrator  
Stanescu Nicolae Bogdan Codrut

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes are an integral part of these unconsolidated financial statements.

**OLTCHIM SA, company in judicial reorganisation****Unconsolidated statement of changes in equity for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

	<b>Capital</b>	<b>Revaluation reserves</b>	<b>Legal reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at January 1, 2014</b>	<b>1.018.299.809</b>	<b>213.863.943</b>	<b>6.842.711</b>	<b>7.990.245</b>	<b>(3.623.789.411)</b>	<b>(2.376.792.703)</b>
Result of the period	-	-	-	-	(459.320.239)	<b>(459.320.239)</b>
Adjustments for provisions regarding employees' benefits	-	-	-	-	(638.604)	<b>(638.604)</b>
Other elements of the result	-	(102.128)	-	-	109.591	<b>7.463</b>
<b>Balance at December 31, 2014</b>	<b>1.018.299.809</b>	<b>213.761.815</b>	<b>6.842.711</b>	<b>7.990.245</b>	<b>(4.083.638.663)</b>	<b>(2.836.744.083)</b>
<b>Balance at January 1, 2015</b>	<b>1.018.299.809</b>	<b>213.761.815</b>	<b>6.842.711</b>	<b>7.990.245</b>	<b>(4.083.638.663)</b>	<b>(2.836.744.083)</b>
Net profit of the period	-	-	-	-	2.294.129.190	<b>2.294.129.190</b>
Adjustments for provisions regarding employees' benefits	-	-	-	-	1.091.767	<b>1.091.767</b>
Other elements of the result	-	-	-	-	2.854.987	<b>2.854.987</b>
<b>Balance at December 31, 2015</b>	<b>1.018.299.809</b>	<b>213.761.815</b>	<b>6.842.711</b>	<b>7.990.245</b>	<b>(1.785.562.719)</b>	<b>(538.668.139)</b>

**Note:** The amount of 1.091.767 lei represents the difference between the provision for employees' benefits recorded on 31.12.2015 and the provision recorded on 31.12.2014, reversed to the retained earnings.

The amount of 2.854.987 lei is made of: 2.764.321 lei correction of the expenses with green certificates related to 2014 and 90.666 lei correction other expenses related to 2014.

Unconsolidated financial statements presented were approved by the management on March 28, 2015 and signed on its behalf by:

Special Administrator  
Stanescu Nicolae Bogdan Codrut

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes are an integral part of these unconsolidated financial statements.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

## **1. GENERAL INFORMATION AND MAIN ACTIVITIES**

Oltchim S.A. is a Romanian legal person having the legal form of open joint stock company and was established under Law 15/1990 by G.D. no.1213 / 20.11.1990.

Company headquarters is in Romania, in the county of Valcea, Ramnicu Valcea, 1Uzinei str..

Main business of the company is the production of organic chemicals.

As of January 30, 2013 were initiated insolvency proceedings for Oltchim SA.

By sentence no. 892 / 04.22.2015 issued in insolvency file no. 887/90/2013, before the Court Valcea was confirmed the reorganization plan of the debtor Oltchim SA proposed by the Consortium of Judicial Administrators, ROMINSOLV SPRL and BDO BUSINESS RESTRUCTURING SPRL.

The sentence is final and irrevocable rejecting as unfounded the appeals brought by Electrica SA and by ANAF, this judgment being delivered by the Court of Appeal Pitesti on 24/09/2015. Oltchim SA is in judicial reorganization.

The company sold chemicals in 2015 both on the local market, about 25% of turnover and world markets, about 75% of turnover.

Integrated environmental quality management system (ISO 9001 and ISO 14001) of Oltchim was recertified in 2014 by TUV Management Service body, the certification is valid until 2017.

### **The shareholding structure**

Oltchim is a company listed on the Bucharest Stock Exchange, standard category, symbol OLT. Company shares were suspended from trading in the period between the onset of insolvency and confirmation of the reorganization plan proposed by the consortium of judicial administrators, respectively in the period 30.01.2013-29.09.2015. Resumption of trading was conducted on 30.09.2015.

Romanian state, represented by the Ministry of Economy, Trade and Relations with the Business Environment is the main shareholder. Nominal and paid up share capital as of 31 December 2015 and on December 31, 2014 is 34,321,383 lei divided into 343,211,383 shares, each with a nominal value of 0.10 lei. Each share entitles its holder to one vote.

Shareholding structure is as follows:

<b>Shareholders</b>	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
	<b>Number of shares</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
Romanian State, through the Ministry of Economy, Trade and Relations with the Business Environment	188,100,976	54.8062	188,100,976	54.8062
PCC SE	111,005,766	32.3433	111,005,766	32.3433
Individuals	38,930,613	11.3430	39,013,965	11.3673
Legal entities	5,174,028	1.5075	5,090,676	1.4832
<b>TOTAL</b>	<b>343,211,383</b>	<b>100</b>	<b>343,211,383</b>	<b>100</b>

## **1. GENERAL INFORMATION AND MAIN ACTIVITIES (continuation)**

### **Activities carried out by the Company**

The field of activity includes primarily: production of petrochemicals, chlor-alkali, oxo-alcohols and other chemicals, including services and technical assistance and their domestic and export trade, in accordance with the Articles of Association of the company.

Average number of employees in year 2015 : 2.178 (average number of employees in year 2014: 2.267 employees).

The employment reduction in 2015 is due to the dismissal of 243 employees in November and December 2015.

### **Management Structure**

By sentence no. 617 of 30 January 2013 given by the Court Valcea - Division II civil in case no. 887/90/2013 was appointed as judicial administrator a consortium formed by ROMINSOLV SPRL Bucharest, , headquartered in Bucharest, Splaiul Unirii no.223, 3 rd floor, Section 3, registration number 0122/2006 in Registry Forms of Organization, RFO, represented by Coordinating Partner, Gheorghe Piperea, and BDO BUSINESS RESTRUCTURING S.P.R.L., headquartered in Bucharest, Str. Invingatorilor no. 24, Victory Business Center Building, 3,rd floor, Section 3, registration number 0239/2006 in Registry Forms of Organization, RFO, represented by Coordinating Partner, Niculae Balan.

In Extraordinary General Meeting of Shareholders on March 14, 2013, the shareholders appointed Mr. Stanescu Nicolae - Bogdan- Codrut as special administrator of Oltchim SA, in the insolvency procedure.

On 31.12.2015, the management of the Company is ensured by:

---

Consortium composed of:	
ROMINSOLV S.P.R.L., represented by Coordinating	
Partner ,Gheorghe Piperea and	
BDO BUSINESS RESTRUCTURING S.P.R.L.	
represented by Coordinating Partner, Niculae Balan	
	Judiciary Administrators
Stanescu Nicolae Bogdan Codrut	Special Administrator
Avram Danut Victor	Deputy General Manager
Talpasanu Mihail	Production Manager
Spiru-Ciobescu Armand	Commercial Manager
Smeu Alin Ion	Economic Manager
Munteanu Dana Maria	Human Resources Manager

---

## **2. PRIMARY ACCOUNTING POLICIES**

### ***2.1 Statement of compliance***

These financial statements have been prepared in accordance with the provisions of Public Finance Ministry Order No.1286/01.10.2012 for approval of accounting regulations in accordance with International Financial Reporting Standards – IFRS, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended.

The financial statements were approved on 28.03.2016.

### ***2.2 The first application of IFRS***

SC Oltchim SA prepared the first financial statements under IFRS at December 31, 2012 as a result of the application of OMFP 1286/2012.

The company is required to prepare individual and consolidated annual financial statements in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). Oltchim group, including Oltchim S.A. in judicial reorganization and its subsidiaries will prepare a set of consolidated financial statements in accordance with IFRS as adopted by the European Union for the financial year ended 31 December 2015 which will be published in accordance with applicable law.

The financial statements have been prepared on a going concern basis. The financial statements are prepared based on the statutory accounting records maintained in accordance with Romanian accounting principles, adjusted for transition to IFRS as adopted by the European Union.

### **Standards and interpretations applicable in the current period**

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

- **Additions to various standards "Improvements to IFRSs (cycle 2011-2013)"**, following the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily in order to eliminate inconsistencies and clarify formulations - adopted by the EU on 18 December, 2014 (effective for annual periods beginning on or after 1 February 2015).
- **IFRIC 21 „Levies”** –adopted by EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

### **Standards and interpretations issued by IASB, adopted by the EU but not yet in force**

At the authorization date of these financial statements, the following standards and additions brought to existing standards and interpretations issued by IASB and adopted by the EU are issued but are not in force in the current period:

- **Additions to IFRS 11 "Joint Commitments"** - improving the method of accounting for interests in jointly controlled entities - endorsed by the EU on 25 November , 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Additions to IAS 1 "Presentation of Financial Statements"** - improving the method of presentation (effective for annual periods beginning on or after 1 January 2016),

### **Standards and interpretations issued by IASB, adopted by the EU but not yet in force (continuation)**

- **Additions to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"** - clarifying acceptable methods of depreciation and amortization - endorsed by the EU on 2 December, 2015 (effective for annual periods beginning on or after 1 January 2016),

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.2 The first application of IFRS (continuation)**

- **Additions to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" - Agriculture - bearer plants**, endorsed by the EU on 23 November, 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Additions to IAS 27 "Separate Financial Statements" - equity method** - endorsed by the EU on 18 December, 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Additions to various standards "Improvements to IFRSs (cycle 2012-2014)"**, following the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily in order to eliminate inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 February 2016),
- **Additions to various standards "Improvements to IFRSs (cycle 2010-2012)"**, following the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily in order to eliminate inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 February 2015),
- **Additions to IAS 19 "Employee Benefits"** - defined benefit plans: employee contributions, adopted by the EU in 18 December, 2015 (effective for annual periods beginning on or after 1 February 2015),

### **Standards and interpretations issued by IASB but not yet adopted by the EU**

Currently, IFRS adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, additions to existing standards and interpretations that have not been approved by the EU at the date of financial statements publication (the effective dates below are for the entire IFRS):

- **IFRS 9 "Financial Instruments" and subsequent additions** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 15 "Revenue from contracts with customers"** (effective for annual periods beginning on or after 1 January 2018),
- **Additions to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - clarifies the treatment of sale or contribution in assets between the investor and the associate / joint venture (effective for annual periods beginning on or after 1 January 2016),
- **Additions to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure on interests in other entities" and IAS 28 "Investments in associates and Joint Ventures"** - investment entities: Application of exception to consolidation (effective for annual periods beginning on or after 1 January 2016),
- **IFRS 16 Leasing** (effective for annual periods beginning on or after January 1, 2019)
- **Additions to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"** - clarifying acceptable methods of depreciation and amortization (effective for annual periods beginning on or after 1 January 2016),

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### ***2.2 The first application of IFRS (continuation)***

#### **Standards and interpretations issued by IASB but not yet adopted by the EU (continuation)**

- **Additions to IAS 16 "Property and equipment" and IAS 41 "Agriculture" - Agriculture - bearer plants** (effective for annual periods beginning on or after 1 January 2016),
- **Additions to IAS 7 "Cash flow statement" - presentation** (effective for annual periods beginning on or after 1 January, 2017)
- **Additions to IAS 12 "Income tax" - recognition of deferred tax assets for unrealized losses** (effective for annual periods beginning on or after 1 January, 2017)

The company states that the adoption of these standards, revisions and interpretations will not have a significant impact on the financial statements in the period of initial application.

Meanwhile, accounting of currency-hedging related to the portfolio of financial assets and financial liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the estimates of the Company, the application of accounting of currency-hedging for the portfolio of financial assets and financial liabilities in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not have a significant impact on the financial statements, if applied to the date of the balance sheet

### ***2.3 Business continuity***

The financial statements have been prepared based on the ongoing concern principle which assumes that the Company will continue its activity in the foreseeable future, based on the reorganization plan that was confirmed by the insolvency judge through sentence no. 892 / 04.22.2015 issued in insolvency file no. 887/90/2013, Valcea Court. The approved reorganization plan stipulates partial payments of the Company's debts towards its creditors in accordance with an agreed schedule over 3 years. The reorganization plan is based on hypothesis and projections of future cash flow and depends on events that can appear in the future or not. These financial statements do not include adjustments regarding an uncertainty over the continuity of the business activity.

In April 2015, following the confirmation of the reorganization plan, the amounts generated by the cancellation of the debts that were not included in the schedule of payments of the reorganization plan, have been registered as other operating incomes.

### ***2.4 Basis of measurement***

On transition to IFRS (01/01/2011), the Company has chosen to present tangible assets at the value established from revaluation on 31 December 2010. Subsequently transition to IFRS, the Company chose to present tangible assets at revalued amounts. Any increase arising from revaluation of tangible assets is credited in equity accounts in the revaluation reserve, unless there was a decrease previously recognized as an expense for the same asset, in which case the increase is recognized as income to offset the expense recognized prior to that asset. A decrease in the carrying amount arising on revaluation is treated as an expense to the extent that the revaluation reserve amount is not recorded on the asset.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### ***2.4 Basis of measurement (continuation)***

Depreciation on revalued tangible assets is recorded in the profit and loss account. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings representing surplus from revaluation reserves. Transfer of revaluation reserve is only possible if the asset is derecognised.

The last revaluation was performed by an independent appraiser, having as reference date for determining fair value April 30, 2013

The financial statements are prepared on the historical cost modified to include equity adjustment under International Accounting Standard ("IAS") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003. Since 1 January 2004, Romania's economy is no longer considered hyperinflationary. The company ceased applying IAS 29 as of this date.

### ***2.5 Functional and presentation currency***

These financial statements are presented in Lei. All financial information presented in Lei, unless otherwise specified. In order to draw up these financial statements in accordance with Romanian legal requirements (OMPF 1286/2012 - as amended), the functional currency of the Company is considered to be Lei.

### ***2.6 Use of estimates and professional judgment***

The preparation of financial statements in conformity with IFRS implies that the management will use some estimates, judgments and assumptions that affect the application of accounting policies, and also the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the accounting values of assets and liabilities that can not be obtained from other sources of information. Present results may differ from the values of the estimates.

Estimates and assumptions are periodically reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised and the future periods, if the revision affects both the current period and also the future periods.

### ***2.7 Foreign currency***

#### **Transactions in foreign currencies**

Foreign currency transactions are translated into the functional currency of the Company using the exchange rate on the day of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the rate of exchange at the balance sheet date. Exchange differences are recorded in the profit and loss statement. Non-monetary assets and liabilities that are presented based on historical cost in a foreign currency are translated using the exchange rate at the transaction date.



## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.7 Foreign currency (continuation)**

Exchange rates on December 31, 2015 and December 31, 2014 are as follows:

<b>Currency</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
1 EUR	4,5245	4,4821
1 USD	4,1477	3,6868

### **2.8 Business Combinations**

The Company has applied IFRS 3 "Business Combinations" for the takeover accounting for assets related to the petrochemical activities from Bradu Petrochemical Division, business purchased from OMV Petrom SA in January 2010.

According to IFRS 3 "Business Combinations", the value of components purchased from Arpechim is recognized at their fair value. The difference between the fair value of the identifiable assets acquired, at the acquisition date, and of the liabilities assumed, and the fair value of the payment transferred, at the acquisition date, is recognized as income of the year.

### **2.9 Tangible assets**

#### **a. Own assets**

On transition to IFRS (01.01.2011), the Company has elected to present tangible assets at the value established from revaluation on 31 December 2010. Subsequently transition to IFRS, the Company elected to present tangible assets at revalued amounts. Any increase arising from revaluation of tangible assets is credited in equity accounts in the revaluation reserve, unless there was a decrease previously recognized as an expense for the same asset, in which case the increase is recognized as income to offset the expense recognized prior to that asset. A decrease in the carrying amount arising on revaluation is treated as an expense to the extent that the revaluation reserve amount is not recorded on the asset. Depreciation on revalued tangible assets is recorded in the profit and loss statement. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings representing surplus from revaluation reserves. Transfer of revaluation reserve is only possible if the asset is derecognised.

Tangible assets are stated at their revalued amount, less the accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate, where appropriate, the costs of dismantling and removing the items and restoring the site, directly attributable to, and the share of indirect costs.

When an asset has major components with different operational life time, these components are recorded as a separate asset items.

The fair value of tangible fixed assets was determined based on the principle of continuity. The Company's assets were revalued in 2013, the financial statements containing the assets as revalued at that date.

An item of tangible assets has to be derecognised on disposal or scrapping, when no future economic benefits are expected any longer from its subsequent use.

In 2013, the Company's assets were revalued taking into consideration the value of use determined based on the method of net capitalised value for cash-generating units (UGN).

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.9 Tangible assets (continuation)**

#### **a. Own assets (continuation)**

Cash-generating units were considered the following units:

- Chemical plant;
- Subunit of construction materials;

Any gain or loss recorded at the exit of an asset is recognized in profit or loss account.

#### **b. Subsequent expenditure**

The Company recognizes in the net book value of a tangible fixed asset the cost of a part replaced, if the recognition criteria are met: future economic benefits related to the asset are expected to be generated to the Company and the cost of the asset can be reliably measured. Repair or maintenance expenses of fixed assets incurred to restore or maintain the value of these assets are recognized in the profit and loss statement when incurred.

#### **c. Depreciation**

Depreciation is calculated at revalued amounts, by the straight-line method, over the estimated operational life-time of the assets, starting next month after commissioning, as follows:

	<u><b>Years</b></u>
Buildings and special constructions	10 - 50
Plants and machinery	3 - 15
Furniture, appliances, office supplies, other	3 - 15
Land and fixed assets in progress are not subject to depreciation.	

Expenditure incurred to replace a component of an item of tangible assets that is accounted as a separate asset is capitalized in the fixed assets with the book value of the replaced component. Other subsequent expenditure is capitalized only when generate future economic benefits for the Company. All other expenses are incorporated in the profit and loss statement when incurred.

Repair and maintenance costs of tangible assets are incorporated when incurred. Improvements that significantly increase the life-time or the value of the fixed asset are capitalized.

### **2.10 Intangible assets**

Expenditure for acquiring patents, licenses, trademarks is liniary capitalized and depreciated over their operational lives, but not more than 10 years, except for the patents where the life-time may be of maximum 17 years.

After the transition to IFRS, the Company has chosen to present the tangible assets at revalued amounts. Any increase resulting from the revaluation of tangible assets is recorded directly in equity credit accounts, in the revaluation reserve, unless there was a previous decrease recognized as an expense related to the asset, in which case the increase is recognized as income to compensate the expense previously recognized for that asset. A decrease in the net book value resulted from revaluation is treated as an expense to the extent that in the revaluation reserve is not recorded an amount related to that asset. Depreciation related to revalued tangible assets is recorded in profit and loss account. The subsequent sale or retirement of a revalued property, the attributable surplus from revaluation in the revaluation reserve is directly transferred to retained earnings representing the surplus obtained from revaluation reserve. The transfer of reserve from revaluation is only possible in case of derecognition of asset.

Other intangible assets are recognized at the revalued amount less the accumulated depreciation and the accumulated adjustments of value. The intangible assets of the Company were revalued in 2013, the consolidated financial statements containing the current assessed value.

Intangible assets are stated at their revalued amount less accumulated depreciation and impairment losses.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

Depreciation is recognized in profit or loss account based on the linear method over the estimated lifetime of intangible assets. The estimated life-times are as follows:

- Patents up to 17 years
- Trademarks up to 10 years;
- Other intangible assets up to 3 years.

The depreciable value of an asset shall be allocated on a systematic basis over its useful life. The amortization method used is linear. Depreciation of an asset ceases at the first time between the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. Land and buildings are accounted for separately.

### **2.11 Customers and similar accounts**

Customer accounts and similar accounts include issued and uncollected invoices until December 31, 2015 at the nominal value and related to the services provided during 2015. Customer accounts and similar accounts are recorded at the depreciated cost less impairment losses. The depreciated cost approximates the nominal value. Final losses may vary from current estimates.

### **2.12 Inventory**

The book value of inventory is recognized as an expense in the period in which the corresponding revenue is recognized, when stocks are sold or used in the Company. The cost of inventories supplied is determined based on the "first in, first out" method.

The cost of finished goods and those under production comprise raw materials, direct labor, other direct and indirect costs relating to production (based on the normal production capacity), but excluding the cost of loans. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and costs of sale. Adjustments are recorded for slow moving stocks, physically and morally worn, if necessary.

### **2.13 Cash**

Cash includes cash, current accounts and bank deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of cash flow statement.

### **2.14 Impairment**

Net book value of the Company's assets is reviewed at each balance sheet date to determine whether there is impairment. If such a loss is probable, it is estimated the recoverable amount of the asset. An impairment loss is recognized when the net book value of the asset is higher than its recoverable amount. Impairment is recorded in the profit and loss account.

#### **a. Calculation of recoverable amount**

The recoverable amount of the financial asset (eg. receivables) on long term of the Company is calculated as the present value of future cash flows.

The recoverable amount of other assets is considered the highest value between the sales value and value in use. Estimating the value in use of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If an asset does not generate independently significant cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### **b. Reversal of impairment losses**

The impairment loss corresponding to a financial asset (eg receivables) is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognized.

For other assets, an impairment loss is reversed if there is the certainty that the impairment loss no longer exists, and there were changes in the estimate of recoverable amount.

An impairment loss may be reversed to the extent that the net book value of the asset does not exceed its recoverable amount, less the depreciation that would have been determined if the impairment loss had not been recognized.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.15 Share Capital**

The share capital comprises ordinary shares recorded at nominal value.

The Company recognizes the changes in the share capital as provided by law and only after their registration in the Trade Register.

The capital value was adjusted in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

### **2.16 Dividends**

Dividendele sunt recunoscute ca datorie si deduse din capitalul propriu in perioada in care este aprobata repartizarea lor daca acestea au fost declarate inainte sau la data bilantului.

On 31.12.2015 the Company does not record dividends.

### **2.17 Suppliers and assimilated accounts**

Trade payables and other liabilities include the value of invoices issued by suppliers of goods, works and services rendered and also the the value of services rendered but not yet invoiced.

### **2.18 Interest bearing loans**

Loans are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, loans are stated at amortized cost, any difference between cost and reimbursement value being recognized in the profit and loss account over the period of a loan based on the effective interest rate.

### **2.19 Financial instruments**

Financial assets and financial liabilities include cash and cash equivalents, customers and other assimilated accounts, suppliers and other assimilated accounts, loans. Bank overdrafts that are part of cash management are included as a component of cash and cash equivalent items in the statement of cash flows. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies that are found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the content of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as a liability are reported as expense or income as they arise. Payments to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends either to compensate on a net basis or to realize the asset and settle the liability simultaneously.

### **2.20 Leasing**

Leases where the Company assumes all risks and rewards of ownership are classified as finance leases.

Fixed assets acquired through finance lease are presented as assets at fair value at the acquisition date. The debt to the leasing company is included as a liability on the balance sheet leases. Initial recognition of assets acquired through leasing is the minimum between the fair value and the present value of the minimum lease payments.

The cost of borrowing is the difference between total expenditure arising from the lease and the fair value of the asset acquired. The cost of borrowing is recorded over the lease term so as to produce a constant value of the debt balance related for each accounting period. The rent to pay for operational leasing is recorded in the profit and loss statement linearly over the lease term.

During the year 2015 the Company did not conclude any lease agreement.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.21 *Income tax expense***

Income tax comprises a current part and a part postponed. Income tax is recognized in profit or loss unless it relates to the position previously recognized directly in equity, in which case it shows in equity.

Current tax is calculated using tax income for the period, using the tax rate in effect at the balance sheet date, adjusted for corrections of prior years.

Deferred tax is obtained by applying the balance sheet method on all temporary differences between the accounting value and tax base of balance sheet items. The following temporary differences are not taken into consideration: tax non-deductible goodwill, the initial recognition of assets or liabilities that are not a business combination and that affects neither the accounting profit nor taxable profit. Deferred tax is calculated based on tax rates enacted by legislation to apply in the period when the temporary difference will be realized.

Deferred tax asset is recognized only to the extent that it is probable to obtain future taxable profit, so tax losses carried forward and temporary differences can be utilized. Deferred tax asset is reduced to the extent that the related tax benefit is unlikely to be achieved.

Information on tax calculation is included in note 13.

### **2.22 *Employees benefits***

Throughout his business, the Company makes payments on behalf of its employees to the Romanian State, health and unemployment. These costs are recognized in profit and loss account together with associated labor costs. All Company employees are part of the state pension system. The Company is not engaged in any other pension system and therefore, does not assume any obligation in this respect.

Short-term salary obligations owed to employees are recorded in the profit and loss account in the period when the Company benefited from their services.

According to the Collective Labour Agreement, the Company rewards its employees who retire at age or on request with a compensation equal to three base salaries plus the seniority bonus at retirement date.

At December 31, 2015 the Company recorded a provision for benefits granted to employees under the Collective Labour Agreement, based on the actuarial calculation performed by an independent external actuary according to the provisions of IAS 19.

In case of collective dismissals of employees for reasons not related to the employee, they receive severance pay as follows:

1. seniority Oltchim between 0 - 5 years a net amount equal to 3 average gross salaries existing in the Company at the date of dismissal;
2. seniority Oltchim between 5 - 15 years a net amount equal to 6 average gross salaries existing in the Company at the date of dismissal;
3. seniority Oltchim > 15 years a net amount equal to 12 average gross salaries existing in the Company at the date of dismissal.

We specify that in the reorganization plan is no longer provided another collective dismissal.

### **2.23 *Revenues***

Revenues from sale of goods are recognized at the fair value received or to be received. Revenue is recognized in profit and loss account when the risks and benefits of ownership on those assets are transferred to the buyer, the recoverable amount is probable, the associated costs and returns of goods can be estimated reasonably and the ownership on property ceases.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### **2.23 Revenues (continuation)**

Transfer of risks and benefits depends on the individual terms of the contract.

Revenue is recognized after delivery of products and customer acceptance of terms, if any, as this is given when the risks and benefits have been transferred to the customer. Sales are presented without VAT and commercial discounts.

Other revenues of the Company are recognized on the following basis:

- Dividend income - when the right to receive dividends of the Company is recognized;
- Rental income - over the period of rent, liniary;
- Investment income - linearly, based on hired contracts.

### **2.24 Finial incomes and expenses**

Financial income represents the amount of interest received from the cash in bank accounts, dividend income, gains from the transfer of financial assets valid for sale, changes in fair value of financial assets, foreign exchange gains, which are all recorded in the profit and loss account. Dividends income is recognized on the date when the right to receive dividends of the Company is recognized.

Financial expenses are the sum of interest on loans contracted, foreign exchange losses and changes in fair value of financial assets and impairment losses of financial assets. All expenses related to loans contracted are based on the effective interest rate.

### **2.25 Cost of loans**

The Company capitalizes loan costs that apply to assets that require a period of time to get ready for use or sale.

### **2.26 Government grants**

Government grants received for the acquisition of fixed assets are included in long term liabilities as deferred income and are credited to the profit and loss account linearly over the period representing the estimated useful lives of the asset.

### **2.27 Subsequent events**

The accompanying financial statements reflect events after the end of the year that provide additional information about the position of the Company as at balance sheet date or those that indicate a possible violation of the principle (events that lead to adjustments). Subsequent events that are not adjusting events are disclosed in notes when considered significant.

### **2.28 Earning per share**

In accordance with IAS 33, earnings per share are calculated by dividing profit or loss attributable to owners to the weighted average number of ordinary shares.

Weighted average shares outstanding during the year represents the number of shares at the beginning of the period, adjusted by the number of shares issued multiplied by the number of months in which the shares were in circulation during exercise.

### **2.29 Certificates of greenhouse gas emissions**

Certificates of greenhouse gases emissions that are received free of charge from the Romanian government are recognized at cost zero, in accordance with IAS 20 "government subsidies". Emissions of greenhouse gases create the obligation to buy emission certificates.

In accordance with Government Decision no. 780/2006, for implementation of the European Directive no. 2003/2007/EC on emissions of greenhouse gases, Romania has implemented a system of trading the emissions certificates of greenhouse gases.

## **2. PRIMARY ACCOUNTING POLICIES (continuation)**

### ***2.29 Certificates of greenhouse gas emissions (continuation)***

A certificate of emission of greenhouse gases is a title that conveys the Company the right to issue the equivalent of one ton of carbon dioxide, in a certain period of time. The purpose of the certificate is only to comply with GD no. 780/2006 on the implementation of the system of trading emission certificates of greenhouse gases.

For the new 2013-2020 trading period, which is the third trading period, the European Union established the total number of certificates for greenhouse gas emissions allocated to each Member State and for each installation that falls under the Scheme of trading certificates for greenhouse gas emissions.

In 2011 Validation Report was drafted, verified by an accredited institution that provided calculation of preliminary annual number of free certificates allocated for the period 2013-2020, that allocated a total of 296,107 certificates per year for the whole period.

In October 2013, after the application of some factors that reduced carbon dioxide emissions, the central public authority for environmental protection and climate change informed operators about the fact that the number of free certificates allocated for the period 2013-2020 was revised, and that may vary from one year to another, as certificates will be awarded according to changes of annual activity levels, for which the calculation was made.

Up to 31 December of each year for the period 2013-2020, SC OLTCHIM S.A. reports to the central public authority for environmental protection and climate change any relevant change of capacity, projected or actual, activity level and operation of the facility, according to forms (Appendix 3 + Appendix 4) set forth in the Order 89/2013, on the relevant changes (increases/ decreases of activity) of the Company, which could have an impact on the allocation of certificates for greenhouse gases emissions.

For 2015, OLTCHIM received a total of 176,167 certificates, due to changes in activity levels benchmark sub-installation thermal energy and Bradu Petrochemical Division received 9,201 certificates.

Following the calculation of emissions and the verification report, for 2015 a total of 104,576 tonnes of CO<sub>2</sub> were issued (certificates) for SC OLTCHIM S.A. Ramnicu Valcea, and for the Bradu Petrochemical Division were issued 265 tonnes CO<sub>2</sub> (certificates), in total 104,841 certificates that should be handed over until April 30, 2016.

### ***2.30 Quotas***

Contingent liabilities are not recognized in the financial statements. They are disclosed only if the possibility of an outflow of resources representing economic benefits is possible, but not probable.

A contingent asset is not recognized in the accompanying financial statements, but disclosed when an inflow of economic benefits is probable.

### ***2.31 Comparative figures***

The financial statements for the year ended on December 31, 2015 show the comparability of financial statements for the year ended on 31 December 2014.

## **3. DETERMINATION OF FAIR VALUE**

Company's accounting policies require the determination of fair value for both financial and non-financial assets and liabilities. The fair value was determined by the methods listed below. Additional information, where appropriate, on the assumptions made in determining fair values are disclosed specific to that asset or liability.

- **Tangible assets**

Assets that are subject to depreciation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is the difference between the carrying amount and the recoverable amount of the asset. Recoverable amount is the greater of the asset's fair value less costs to sell and value in use.

### 3. DETERMINATION OF FAIR VALUE (continuation)

- **Tangible assets (continuation)**

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

- **Inventories**

The fair value of inventories acquired is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and a reasonable profit margin based on the costs of sale and completion.

### 4. REPORTING ON OPERATING SEGMENTS

Presentation of turnover by types of markets:

	<b>Year ended on</b>		<b>Year ended on</b>	
	<b>%</b>	<b>December 31, 2015</b>	<b>%</b>	<b>December 31, 2014</b>
Internal market	26	192.117.545	29	183.293.276
Export	74	555.826.719	71	444.237.918
	<b>100</b>	<b>747.944.264</b>	<b>100</b>	<b>627.531.194</b>

Presentation of turnover by types of products:

	<b>Year ended on</b>	<b>Year ended on</b>
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Petrochemistry	491.812.597	440.298.675
Chlorine	141.848.029	124.163.075
Merchandise	22.551.304	24.402.266
Oxo-Alcohols	78.237.573	22.071.314
Petrochemical Division Pitesti	141.226	160.465
Building materials	2.533	4.991.419
Various, including sales of CO2 certificates	13.351.002	11.443.980
	<b>747.944.264</b>	<b>627.531.194</b>

Presentation of turnover by geographical segments:

	<b>Year ended on</b>	<b>Year ended on</b>
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Europe	638.322.518	539.217.063
Middle East (including Turkey)	96.110.297	73.221.316
Asia	4.123.034	7.006.175
Africa	7.422.395	4.844.878
America	1.966.020	3.241.762
	<b>747.944.264</b>	<b>627.531.194</b>



**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**4. REPORTING ON OPERATING SEGMENTS (continuation)**

Presentation of operating result by business segments:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Chemistry (petrochemistry, chlorine)	(3.941.473)	(302.070.581)
Building materials	(10.980.142)	(10.776.943)
Oxo-Alcohols	(2.323.775)	(4.019.712)
Petrochemical Division Pitesti	(28.367.531)	(140.350.990)
Others	(1.666.973)	(1.655.017)
<b>Total operating result</b>	<b>(47.279.895)</b>	<b>(458.873.243)</b>
Incomes from debt cancellation according to the Reorganization Plan	2.370.932.079	-
Incomes from investments	8.593.150	7.858.088
Net cost of finance	(2.463.044)	(8.305.084)
<b>Profit before taxation</b>	<b>2.329.782.290</b>	<b>(459.320.239)</b>

Presentation of net asset value by business segments:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Chemistry (petrochemistry, chlorine)	587.757.390	655.700.630
Building materials	18.559.905	22.813.607
Oxo-Alcohols	6.347.418	7.967.274
Petrochemical Division Pitesti	212.670.733	221.459.312
Others	111.881	164.299
	<b>825.447.327</b>	<b>908.105.122</b>

Presentation of liabilities by business segments:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Chemistry (petrochemistry, chlorine)	1.344.658.352	3.725.287.609
Building materials	5.230.050	5.001.110
Oxo-Alcohols	6.140.380	6.639.054
Petrochemical Division Pitesti	8.052.268	7.899.955
Others	34.417	21.477
	<b>1.364.115.466</b>	<b>3.744.849.205</b>

Presentation of depreciation by business segments:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Chemistry (petrochemistry, chlorine)	72.793.526	292.538.319
Building materials	4.282.790	3.370.759
Oxo-Alcohols	-	-
Petrochemical Division Pitesti	8.541.927	112.939.454
Others	156.580	164.578
	<b>85.774.823</b>	<b>409.013.110</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**5. NET SALES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Revenues from the sale of finished products	707.494.127	588.547.186
Revenue from sale of merchandise	22.551.304	24.402.266
Others	17.898.833	14.581.742
<b>Total</b>	<b>747.944.264</b>	<b>627.531.194</b>

**6. INVESTMENTS INCOMES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Incomes from rental of real estate investments	8.593.150	7.858.088
Dividends received from participations	-	-
<b>Total</b>	<b>8.593.150</b>	<b>7.858.088</b>

**7. OTHER GAINS OR LOSSES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Rental incomes	1.716.186	1.447.888
Incomes from rendering services	912.785	913.521
Incomes from debts cancellation according to the Reorganization plan	2.370.932.079	-
Incomes from penalties and fines applied	425.988	322.911
Foreign exchange gain / (loss)	(664.432)	(1.303.002)
Gain / (Loss) from variance in provisions	11.638.006	(5.049.564)
Gain / (Loss) from discounts	(465.685)	(603.275)
Gain / (Loss) from fixed assets disposal	-	(71.844)
Other gains	974.811	206.818
Other losses	-	(102.690)
<b>Total</b>	<b>2.385.469.737</b>	<b>(4.239.236)</b>

**8. EXPENSES WITH RAW MATERIALS AND CONSUMABLES, ELECTRICITY AND WATER**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Consumed raw materials	334.499.062	325.822.050
Cost of merchandise sold	20.162.302	22.756.679
Expenses with electricity and water	170.545.361	156.749.831
Expenses with consumables	15.522.236	17.101.680
<b>Total</b>	<b>540.728.961</b>	<b>522.430.240</b>

**9. EXPENSES WITH ASSETS DEPRECIATION AND AMORTIZATION**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Fixed assets depreciation	103.145.628	139.139.375
Intangible assets amortization	826.976	853.310
Gain/ (Loss) from adjustments for fixed assets depreciation	(18.197.781)	269.020.425
<b>Total</b>	<b>85.774.823</b>	<b>409.013.110</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**10. SALARY EXPENSES**

The Company has no retirement obligations for those with leadership positions and Company's administrators, other than those stipulated in the Collective Labor Agreement. At December 31, 2015 there was no professional malpractice insurance for management of the Company.

During 2015 no advances were granted to those with leadership positions or administrators of the Company, except travel expenses. Payroll for the Company's management and directors are as follows:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Management wages	1.448.095	1.868.543
Total expenditure on staff remuneration is set out below:		
	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Gross wages and allowances	80.544.885	82.671.921
Expenses with social insurances of the employer	23.262.135	27.021.000
Meal tickets	4.418.342	4.555.731
Gross redundancy payments related to personnel laid off in 2015	8.439.824	-
Expenses with employer taxes and fees related to redundancy payments in 2015	2.174.636	-
<b>Total</b>	<b>118.839.822</b>	<b>114.248.652</b>

During november and december 2015 were dismissed 243 employees under the reorganization plan.

**11. NET COST OF FINANCE**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Net expenses with banking interest	2.105.294	7.725.973
Bank commissions and similar charges	357.750	579.111
<b>Net cost of finance</b>	<b>2.463.044</b>	<b>8.305.084</b>

**12. OTHER EXPENSES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Expenses with transport and logistic	15.560.644	12.021.555
Other third party services	16.908.133	16.238.734
Protocol expenses	94.817	97.942
Maintenance and repairs expenses	7.661.590	6.923.272
Expenses with taxes and duties	6.619.864	7.629.015
Net loss/(profit) from receivables and various debtors	4.994.185	(781)
Expenses with insurance premiums	843.385	828.163
Postage and telecommunications	197.631	264.736
Travel expenses	254.914	228.598
Expenses with rent	375.082	260.031
Expenses on commissions and fees	4.401	702.558
Penalties and fines	1.520.275	15.346
Other expenses	5.514.063	1.476.000
<b>Total</b>	<b>60.548.985</b>	<b>46.685.168</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**13. PROFIT TAX**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Expense with tax on current profit	35.653.100	-
Expense with tax on deferred profit	-	-
<b>Total</b>	<b>35.653.100</b>	<b>-</b>

Under the Tax Code, income tax is calculated by applying the rate of 16% on taxable profit.

The taxable profit is calculated as the difference between revenues from any source achieved in a fiscal year and the associated expenses, net of non-taxable income, plus non-deductible expenses.

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
<b>Gross result before tax</b>	<b>2.329.782.290</b>	<b>-</b>
Income tax expense calculated at 16%	372.765.166	-
Effect of non-taxable income	(140.514.757)	-
Effect of non-taxable expenses	16.397.144	-
Effect of deferred tax	-	-
The effect of tax loss from previous years	(212.994.453)	-
Sponsorship related deductions	-	-
<b>Total</b>	<b>35.653.100</b>	<b>-</b>

**14. PROFIT / (LOSS) PER SHARE**

Loss per share is determined by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares issued. There are no dilutive potential shares at December 31, 2015.

*Loss per share*

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Net Profit/(Loss)	2.294.129.190	(459.320.239)
Average number of shares	343.211.383	343.211.383
Loss per share, (Lei per share)	6,6843	(1,3383)

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**15. A) TANGIBLE ASSETS**

<b>Gross values</b>	<b>Land and buildings</b>	<b>Plants and machinery</b>	<b>Other installations, tools and furniture</b>	<b>Tangible assets in progress</b>	<b>Total</b>
<b>Balance as at January 1, 2014</b>	<b>473.380.310</b>	<b>672.834.416</b>	<b>3.395.067</b>	<b>40.104.558</b>	<b>1.189.714.351</b>
Increases / Decreases	522.471	6.521.650	3.226.142	7.004.802	<b>17.275.065</b>
-from which transferred from current assets	-	-	3.226.142	-	<b>3.226.142</b>
Disposals	(7.078.757)	-	-	(7.044.121)	<b>(14.122.878)</b>
-from which transferred to real estate investments	(7.078.757)	-	-	-	<b>(7.078.757)</b>
<b>Balance as at December 31, 2014</b>	<b>466.824.024</b>	<b>679.356.066</b>	<b>6.621.209</b>	<b>40.065.239</b>	<b>1.192.866.538</b>
<b>Balance as at January 1, 2015</b>	<b>466.824.024</b>	<b>679.356.066</b>	<b>6.621.209</b>	<b>40.065.239</b>	<b>1.192.866.538</b>
Increases / Decreases	-	9.704.445	-	11.163.157	<b>20.867.602</b>
-from which transfers from other positions	-	3.226.142	-	-	<b>3.226.142</b>
Disposals	-	-	(3.226.142)	(6.478.303)	<b>(9.704.445)</b>
<b>Balance as at December 31, 2015</b>	<b>466.824.024</b>	<b>689.060.511</b>	<b>3.395.067</b>	<b>44.750.093</b>	<b>1.204.029.695</b>

<b>Depreciation and impairment losses</b>	<b>Land and buildings</b>	<b>Plants and machinery</b>	<b>Other installations, tools and furniture</b>	<b>Tangible assets in progress</b>	<b>Total</b>
<b>Balance as at January 1, 2014</b>	<b>4.596</b>	<b>34.707</b>	<b>2.495.478</b>	<b>-</b>	<b>2.534.781</b>
Depreciation in 2014	34.558.865	103.724.814	727.184	-	<b>139.010.863</b>
Cancellation of accumulated depreciation	-	-	-	-	<b>-</b>
Accumulated depreciation of disposals	-	-	-	-	<b>-</b>
Losses (Reversal) from the value reduction	106.386.989	158.123.994	11.823	4.497.618	<b>269.020.424</b>
<b>Balance as at December 31, 2014</b>	<b>140.950.450</b>	<b>261.883.515</b>	<b>3.234.485</b>	<b>4.497.618</b>	<b>410.566.068</b>
Depreciation in 2015	13.951.542	91.586.271	(2.520.698)	-	<b>103.017.115</b>
- from which transfers to/from other positions	-	2.870.366	(2.870.366)	-	<b>-</b>
Cancellation of accumulated depreciation	-	-	-	-	<b>-</b>
Accumulated depreciation of disposals	-	-	-	-	<b>-</b>
Losses (Reversal) from the value reduction	224.960	(29.246.053)	(3.655)	10.826.968	<b>(18.197.780)</b>
<b>Balance as at December 31, 2015</b>	<b>155.126.952</b>	<b>324.223.733</b>	<b>710.132</b>	<b>15.324.586</b>	<b>495.385.403</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**15. A) TANGIBLE ASSETS (continuation)**

<b>Net values</b>	<b>Land and buildings</b>	<b>Plants and machinery</b>	<b>Other installations, tools and furniture</b>	<b>Tangible assets in progress</b>	<b>Total</b>
January 1, 2014	473.375.714	672.799.709	899.589	40.104.558	1.187.179.570
<b>December 31, 2014</b>	<b>325.873.574</b>	<b>417.472.551</b>	<b>3.386.724</b>	<b>35.567.621</b>	<b>782.300.470</b>
January 1, 2015	325.873.574	417.472.551	3.386.724	35.567.621	782.300.470
<b>December 31, 2015</b>	<b>311.697.072</b>	<b>364.836.778</b>	<b>2.684.935</b>	<b>29.425.507</b>	<b>708.644.292</b>

Tangible assets are presented in the statement of financial position at cost or revalued amount, less amortization and adjustments for depreciation or impairment in accordance with IAS 16 "Intangible assets" and IAS 36 "Impairment of Assets".

Company's assets were revalued in 2013, the financial statements 31.12.2015 comprising those assets at revalued amounts.

On 31.12.2015, the Company owns tangible assets in the gross amount of 1.204.029.695 lei, respectively in the net amount of 708.644.292 lei, a decrease compared to 31.12.2014 in the net amount of 73.656.178 lei.

During 2015 have been put into operation tangible assets in amount of 6.478.302 lei.

Commissioning in 2015 consisted of the following:

- Electrolyzers rehabilitation to membrane electrolysis plant	4.207.595 lei
- Strengthening the production capacity of lime plant	1.990.169 lei
- Commissioning of independent equipment	280.538 lei

*Depreciations*

During 2015 the company registered expenses with depreciation of 103.017.115 lei.

For the tangible assets that are not used because of lack of raw materials to restart (PVC plant, mercury electrolysis plant, phthalic anhydride plant, dioctylphthalate plant) and for which have been recorded impairment adjustments in 2014, the Company reversed as income during 2015 the expenses with depreciation registered, so that these unoperational tangible assets are recorded in the accounting records to the net liquidation value established by Winterhill Report.

For the investments in progress that have not carried out any expense during 2015 have been recorded adjustments for impairment, up to the net liquidation value established by Winterhill Report.

	<b>Adjustments during the year</b>	<b>Adjustments reversed as incomes</b>
Tangible assets (fixed assets)	13.618.462	42.643.211
Tangible assets in progress	10.836.114	9.146

Ongoing investments in 2015 were in the amount of 11.163.157 lei, the main investment objectives thus presenting situation:

- Electrolyzers rehabilitation of the membrane electrolysis plant	7.505.119 lei
- Strengthening the production capacity of lime plant	2.046.086 lei
- Independent fixed asset acquisitions	280.538 lei

*Revaluation reserves*

Revaluation Reserve Account (1052) related to tangible assets is as follows:

- balance at beginning of period	210.132.611 lei
- increases recorded at end of the year	-
- balance at the end of the year	210.132.611 lei

**15. B) REAL ESTATE INVESTMENT**

<b>Gross values</b>	<b>Real Estate Investments</b>	<b>Total</b>
<b>Balance at January 1, 2015</b>	<b>7.078.757</b>	<b>7.078.757</b>
Reclassification assets held for sale	-	-
Increases / Decreases	-	-
Outputs	-	-
Transfers from assets intended for sale	-	-
<b>Balance at December 31, 2015</b>	<b>7.078.757</b>	<b>7.078.757</b>

<b>Depreciation and impairment losses</b>	<b>Real Estate Investments</b>	<b>Total</b>
<b>Balance at January 1, 2015</b>	<b>128.513</b>	<b>128.513</b>
Depreciation in 2015	128.513	128.513
Cancellation accumulated depreciation	-	-
Accumulated depreciation of outputs	-	-
Losses (Reversal) from the value reduction	-	-
<b>Balance at December 31, 2015</b>	<b>257.026</b>	<b>257.026</b>

<b>Net values</b>	<b>Real Estate Investments</b>	<b>Total</b>
<b>Balance at January 1, 2015</b>	<b>6.950.244</b>	<b>6.950.244</b>
<b>Balance at December 31, 2015</b>	<b>6.821.731</b>	<b>6.821.731</b>

According to the contract signed by the Company, it has rented all the assets related to the Construction Materials Division (Ramplast) so, in accordance with IAS 40 "Investment Property", rented land and buildings were reclassified as real estate investment. The method chosen by the Company for evaluation after recognition of investment properties is based on the fair value model.

<b>Description</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Total value of real estate investments	7.078.757	7.078.757
Depreciation of real estate investments	257.026	128.513
The net book value	6.821.731	6.950.244
Income from real estate investments	8.593.150	7.858.088

The latest revaluation of the patrimony was performed in 2013 by a specialized company respectively Winterhill Romania.

## 16. INTANGIBLE ASSETS

Cost	Development expenses	Patents and licenses	Other assets	Total
<b>Balance at January 1, 2014</b>	-	<b>3.731.332</b>	-	<b>3.731.332</b>
Increases	-	11.759	-	11.759
Decreases	-	(102.129)	-	(102.129)
<b>Balance at December 31, 2014</b>	-	<b>3.640.962</b>	-	<b>3.640.962</b>
<b>Balance at January 1, 2015</b>	-	<b>3.640.962</b>	-	<b>3.640.962</b>
Increases	-	13.604	-	13.604
Decreases	-	(11.759)	-	(11.759)
<b>Balance at December 31, 2015</b>	-	<b>3.642.807</b>	-	<b>3.642.807</b>

Depreciation and impairment losses	Development expenses	Patents and licenses	Other assets	Total
<b>Balance at January 1, 2014</b>	-	-	-	-
Depreciation during the period	-	853.310	-	853.310
Decreases	-	(30.184)	-	(30.184)
<b>Balance at December 31, 2014</b>	-	<b>823.126</b>	-	<b>823.126</b>
<b>Balance at January 1, 2015</b>	-	<b>823.126</b>	-	<b>823.126</b>
Depreciation during the period	-	826.976	-	826.976
Decreases	-	(11.759)	-	(11.759)
<b>Balance at December 31, 2015</b>	-	<b>1.638.343</b>	-	<b>1.638.343</b>

Net value	Development expenses	Patents and licenses	Other assets	Total
January 1, 2014	0	3.731.332	0	3.731.332
<b>December 31, 2014</b>	<b>0</b>	<b>2.817.836</b>	<b>0</b>	<b>2.817.836</b>
January 1, 2015	0	2.817.836	0	2.817.836
<b>December 31, 2015</b>	<b>0</b>	<b>2.004.464</b>	<b>0</b>	<b>2.004.464</b>

Intangible assets acquired during of 2015 represent patents and licenses amounting to 13.604 lei.

Intangible assets out of service during 2015 are in amount of 11.759 lei.

Following decommissioning, revaluation reserves of intangible assets are as follows:

- initial balance	3.629.203 lei
- decreases during 2015	- lei
- balance at the end of the year	3.629.203 lei



**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

## **17. FINANCIAL ASSETS**

Financial investments include shares held by the Company in other companies: Investment in affiliated entities (> 50% of the share capital) and investments in associates (<50% of share capital).

At 31.12.2015 the shares held by the Company are presented as follows:

Explanation	Capital Value	Percentage from capital owned by Oltchim	Value of participation at 31.12.2014	Value of participation at 31.12.2015
<b>TOTAL, from which:</b>	-	-	<b>154.419</b>	<b>154.419</b>
- Participation in the share capital of SISTEMPLAST	2.347.805	94,40%	19.904	19.904
- Participation in the share capital of OLTQUINO	2.034.860	46,64%	0	0
- Participation in the share capital of EURO URETHANE	59.725.213	41,28%	26.012	26.012
- Participation in the share capital of PROTECTCHIM	1.200.000	7,50%	108.503	108.503

The financial investments are presented at revalued amount in the Statement of financial position.

The assets of the Company have been revalued during 2013 by an independent evaluator authorized by ANEVAR.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

## 18. INVENTORIES

In the statement of financial position at December 31, 2015, the inventories are presented at net realizable value by reducing the adjustments for depreciation, resulting the following values:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Finished products	17.238.873	23.015.425
Raw materials	8.771.065	7.690.329
Materials	6.916.021	6.562.085
Packaging	387.540	519.607
Production in progress	302.874	194.462
Semi-finished products	2.811.303	2.419.535
Merchandise	69.894	77.783
Other	2.940.387	81.087
<b>Total</b>	<b>39.437.957</b>	<b>40.560.313</b>

Adjustments for impairment of inventories recorded in each category are as follows:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Impairment of finished products	738.209	416.356
Impairment of raw materials	6.167.924	4.724.251
Impairment of materials	43.527.953	46.664.654
Impairment of semi-finished products	2.865.664	3.007.809
Impairment of packaging	944.199	927.091
Impairment of inventory items	303.900	224.747
<b>Total</b>	<b>54.547.849</b>	<b>55.964.908</b>

Movements in adjustments for impairment recorded for the inventories are presented below:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Initial balance	<b>55.964.908</b>	<b>56.167.457</b>
Adjustments during the period	2.696.608	2.049.311
Adjustments reversed on incomes	-4.113.667	(2.251.860)
<b>Final balance</b>	<b>54.547.849</b>	<b>55.964.908</b>

## 19. COMMERCIAL RECEIVABLES

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Domestic customers	49.503.983	65.137.859
Foreign customers	39.771.951	44.342.453
Adjustments for impairment	(59.927.745)	(64.851.824)
<b>Total</b>	<b>29.348.189</b>	<b>44.628.488</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**19. COMMERCIAL RECEIVABLES (continuation)**

Adjustments for impairment of receivables are disclosed as follows:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
<b>Initial balance</b>	64.851.824	64.855.751
New adjustments during the year	1.448.787	1.566.047
Reversals of adjustments on income	(6.372.866)	(1.569.974)
<b>Final balance</b>	<b>59.927.745</b>	<b>64.851.824</b>

For domestic customers the collection of receivables average term was 28 days in 2015 (31 days in 2014). For external customers the collection of receivables average term was 9 days in 2015 (11 days in 2014).

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Customers balance -current	29.188.987	44.382.152
Customers balance -overdue	159.202	246.336
<b>Total</b>	<b>29.348.189</b>	<b>44.628.488</b>

Aged clients overdue balance is presented below:

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
<30 days	103.574	115.563
30 – 60 days	40.708	41.537
60 – 90 days	14.343	5.377
90 – 120 days	430	25.758
120 – 180 days	147	57.526
Peste 180 days	-	575
<b>Total</b>	<b>159.202</b>	<b>246.336</b>

**20. RECOVERABLE TAXES AND FEES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Recoverable VAT	10.265.939	11.727.184
Not due VAT	2.785.448	2.767.631
Other recoverable taxes	201.807	90.876
<b>Total</b>	<b>13.253.194</b>	<b>14.585.691</b>

Due to the fact that the Company achieved significant sales to European Union member countries and outside, it registered recoverable VAT as most purchases are made by the Company from the domestic market and bearing the VAT deductible. Recoverable VAT is offset by the company's debts to the state budget after completion of control held by the tax authorities.

Recoverable VAT registered during 2015 was in amount of 54.288.175 lei.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**21. OTHER ASSETS**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Expenses recorded in advance	268.125	208.124
Advances paid to domestic suppliers	4.721.832	8.453.773
Advances paid to external suppliers	6.710.929	1.489.720
Other receivables	753.849	1.168.539
Impairment of other receivables	-	(92.668)
<b>Total</b>	<b>12.454.734</b>	<b>11.227.487</b>

Increasing advances paid to external suppliers in 2015 is due mainly to the amounts paid during December 2015 for the purchasing of the hydrogenation catalyst for the oxo-alcohols plant (around 650 th. euro)

**22. CASH AND CASH EQUIVALENTS**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Cash and bank accounts in local currency	6.175.516	4.013.394
Cash and bank accounts in foreign currency	6.913.270	595.406
Deposits (handlers material guarantees)	183.026	194.506
Cash register	47.988	40.954
Other	8.657	35.914
<b>Total</b>	<b>13.328.457</b>	<b>4.880.174</b>

**23. SHARE CAPITAL, RESERVES AND RETAINED EARNINGS**

Share capital comprises:

	<b>Number of shares</b>	<b>Share capital</b>
Statutory capital	343.211.383	34.321.138
Adjustments for inflation up to December 31, 2003		983.978.671
<b>At December 31, 2015 - adjusted</b>		<b>1.018.299.809</b>

By December 31, 2015 share capital represents government contribution in the form of net assets at the Company's formation on August 1, 1990, share capital made of four units taken since August 1, 1996, the value of the land transferred by the Government to the Company in 1998, 1999 and 2000, two capital increases representing contribution in kind (land of the State) by AAAS (Ministry of Economy) and cash contributions of shareholders.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**23. SHARE CAPITAL, RESERVES AND RETAINED EARNINGS (continuation)**

**Evolution of share capital from its foundation until December 31, 2015:**

Share capital value	Date	Increase method
309.275	1990	Creation according HG 1213/1990
196.574	1991	Increase according HG 945/1990
3.757.192	1992	Increase according HG 26/1992
19.695.009	1994	Increase according HG 500/1994
(1.919.437)	1995	Corection reevaluation HG 500/1994
4.093.037	1995	Subunits fusion
499.455	1996	Land ownership
79.265	1997	Capital increase Babeni Avicola previously erroneously reduced
4.671.038	1997	Land ownership
768.228	1998	Subunits land evaluation
21.148	1998	Reception land evaluation
38.324	1999	Land ownership
149.756	2000	Land ownership
322.336.736	2003	Share capital increase due to conversion into shares of receivables held by AAAS/AVAS in Oltchim
(322.336.736)	2007	Capital decrease due to court decision no.372/20.04.2007 and Pitesti Court of Appeal Decision 863/14.09.2007
1.943.522	2009	Share capital increase representing contribution in kind (land) of AAAS and cash contributions of shareholders
18.752	2011	Share capital increase representing contribution in kind (land) of MECMA and cash contributions of shareholders
<b>34.321.138</b>		

The company is listed on the Bucharest Stock Exchange.

All shares are ordinary shares, fully subscribed and paid. All shares carry equal voting rights and nominal value is 0.10 Lei per share.

In 2015 there were no changes in share capital or in terms of its structure.

Reserves	Year ended on December 31, 2015	Year ended on December 31, 2014
Legal reserves	6.842.711	6.842.711
Other reserves	7.990.245	7.990.245
Revaluation reserves	213.761.815	213.761.815
<b>Total</b>	<b>228.594.771</b>	<b>228.594.771</b>
<b>Retained earnings</b>	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
<b>Balance at the begining o the year</b>	<b>(4.083.638.663)</b>	<b>(3.623.789.411)</b>
Net profit / loss	2.294.129.190	(459.320.239)
Ajustments for employees benefits	1.091.767	(638.604)
Other elements of the result	2.854.987	109.591
<b>Balance at the end of the year</b>	<b>(1.785.562.719)</b>	<b>(4.083.638.663)</b>

**OLTCHIM SA, company in judicial reorganisation****Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**24. LOANS**

On confirmation of the Reorganization plan by the syndic judge (on April 2015) the loan agreements were considered terminated.

The amounts from the accounting records are those established through the schedule of payments in Reorganization Plan, thus:

Bank	Currency	Loan Value	Balance in loan's currency	Currency rate on the date of entry into insolvency	Balance in lei	Transfer in other operating incomes, according to the Payments programme	Balance at December 31, 2015
<b>Long term banking loans</b>							
BCR (Erste)	euro	73.095.000,00	78.735.560	4,3853	345.279.435	162.365.289	182.914.146
Banca Transilvania	euro	8.500.000,00	2.368.853	4,3853	159.957.116	32.223.538	127.733.578
	dolar	12.250.000,00	12.250.000	3,2668			
	lei	100.000.000,00	100.000.000	-			
Bancpost	euro	2.500.000,00	568.793	4,3853	2.494.327	502.485	1.991.842
CEC Bank	euro	5.000.000,00	5.000.000	4,3853	56.321.014	11.345.930	44.975.083
	lei	2.260.000,00	2.260.000	-			
	lei	34.789.650,00	32.134.514	-			
			1.866.269	-			
Garantibank	euro	700.000,00	315.298	4,3853	1.382.676	278.542	1.104.134
ING Bank	lei	13.395.000,00	13.614.731	-	13.614.731	13.468.471	146.260
Unicredit	euro	3.900.000,00	3.898.390	4,3853	17.095.609	3.443.929	13.651.680
Rabobank	euro	10.251.076,80	668.292	4,3828	2.928.989	2.928.989	-
<b>Total Long term banking loans</b>					<b>600.940.166</b>	<b>226.557.174</b>	<b>374.382.992</b>
<b>Other loans and assimilated debts</b>							
AAAS	lei				1.201.301.222	959.994.491	241.306.731
<b>TOTAL</b>					<b>1.800.375.119</b>	<b>1.186.551.664</b>	<b>615.689.723</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**25. INCOMES IN ADVANCE**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>At January 1, 2015</b>	<b>5.960.727</b>	<b>7.353.112</b>
Registered during the year	-	-
Resume on profit and loss accounts	(853.794)	(1.392.385)
<b>At December 31, 2015</b>	<b>5.106.933</b>	<b>5.960.727</b>

Revenues in 2015 represents the share of subsidies received in previous years, the most significant being the one in 2007 when there were received 8,908,844 Lei from the Environment Fund Administration for the “Incineration Residues” Plant. The company recorded revenues from this grant over 10 years, consistent to the related period of depreciation of fixed assets acquired.

**26. DEFERRED TAX LIABILITIES**

Deferred tax is recognized on temporary differences between the accounting value of assets and liabilities in the financial statements and the corresponding tax bases used in calculating taxable profit. In accordance with current fiscal provisions, the balance of revaluation reserves as at December 31, 2015 are taxed simultaneously with the deduction of fiscal depreciation and respectively at the stage of declining from administration the revalued assets.

At December 31, 2015 the Company has deferred tax debt in amount of 34.201.890 lei.

<b>Deferred tax at December 31, 2014</b>	<b>34.201.890</b>
Deferred tax reduction - 2015	-
<b>Total deferred tax at December 31, 2015</b>	<b>34.201.890</b>

**27. PROVISION FOR EMPLOYEES BENEFITS, LITIGATIONS AND OTHER LONG-TERM LIABILITIES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Transactions related to joint operations	0	6.723.150
Provisions for litigation	0	5.256.041
Provisions for employee benefits	9.179.974	10.271.741
Wages accumulated before the insolvency	4.825.025	-
Other liabilities accumulated before the insolvency	16.491.422	-
<b>Total</b>	<b>30.496.421</b>	<b>22.250.932</b>

Provisions for litigation recorded in 2014 in amount of 5,256,041 lei were canceled and recorded in operating expenses in 2015, the amounts being included in the Table of debts.

According to the Collective Labour Agreement, the Company rewards its employees who retire at age or on request with compensation equal to three base salaries plus the seniority bonus at retirement date.

At December 31, 2015 the Company recorded a provision for benefits granted to employees under the Collective Labour Agreement, based on the actuarial calculation performed by an independent external actuary according to the provisions of IAS 19.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**28. COMMERCIAL LIABILITIES**

	<b>Year ended at December 31, 2015</b>	<b>Year ended at December 31, 2014</b>
Commercial liabilities registered in Table of debts	368.740.276	1.541.852.289
Commercial liabilities registered during insolvency	100.729.972	137.122.650
Estimates for accrued expenses (invoices not received)	15.136.342	14.404.762
Advances received in insolvency	3.864.323	5.291.209
<b>Total</b>	<b>488.470.912</b>	<b>1.698.670.910</b>

The decrease of the total balance from 1.699 million lei at December 31, 2014 to 488 million lei at December 31, 2015 is due mainly to the cancellation in April 2015 from the liabilities and registration as other operating incomes of the amounts not included in schedule of payments set out in the Reorganization Plan.

Reclassification from short term at December 31, 2014 to long term at December 31, 2015 are according to the Program of Payments under the Reorganization plan.

The main suppliers to which SC OLTCHIM S.A. recorded liabilities at December 31, 2015:

<b>Supplier's name</b>	<b>Total balance</b>	<b>Of which:</b>	
		<b>Suppliers' debt according to Reorganization Plan</b>	<b>Suppliers' debt accumulated during insolvency, from current activity</b>
<b>TOTAL, of which:</b>	<b>443.501.438</b>	<b>352.575.402</b>	<b>90.926.036</b>
Electrica SA Bucuresti	160.713.716	160.469.977	243.739
CET SA Govora	103.588.017	43.346.898	60.241.119
OMV Petrom SA	41.800.736	41.706.657	94.079
Bulrom Gas Bucuresti	38.412.541	18.986.521	19.426.020
Electrica Furnizare SA	21.427.328	21.427.328	-
Calvi Trade Cipru	18.944.963	18.944.963	-
Polchem Liechtenstein	18.937.386	18.937.386	-
Arelco Power SRL Bucuresti	14.225.549	11.978.233	2.247.316
Administratia Nationala Apele Romane	12.873.402	4.199.639	8.673.763
Exploatarea Miniera Valcea	12.577.800	12.577.800	-

ELECTRICA SA Bucharest, ELECTRICA FURNIZARE SA and CET SA Govora were electricity suppliers. CET Govora is the current utilities supplier (electricity, industrial steam), CFR MARFA SA providing services of goods transport, the other suppliers mentioned delivered/deliver raw materials (propylene) for the production activity.

Starting October 2014 when the Company's financial situation has stabilized, every month is paid to CET Govora SA the entire current consumption of both electricity and steam. Moreover, Oltchim pays every month amounts from the overdue debts accumulated in the first part of insolvency. Out of the total debt of 60.241.119 lei accumulated during insolvency, the overdue amount is 48.249.985 lei.

Also, the Company pays every month the entire current invoices issued by Administratia Bazinala Apa Olt and also amounts from the overdue debts accumulated in the first part of insolvency, reducing month by month the balance that was overdue at December 31, 2015. Out of the total debt of 8.673.763 lei accumulated during insolvency, the overdue amount is 8.011.978 lei.



**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**28. COMMERCIAL LIABILITIES (continuation)**

Regarding the balance of Bulrom Gas, it is fully covered as follows: by deliveries to Bulrom Gas of finished products made by the Company (to be compensated) and by Company's receivables that were transferred to BULROM Gas to be compensated at the date of cashing.

From the total current liabilities to suppliers recorded in the insolvency, 26.659.483 Lei are also found in the company's receivables, amounts for which compensation will be made.

**29. LIABILITIES ON TAXES AND FEES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Debts to State and Local Budgets registered in Table of debts	9.042.102	22.854.403
Tax on the profit from debts cancellation according to the Reorganization plan	20.470.209	-
Social contributions	42.497.252	36.854.909
Tax on income	1.798.557	1.915.591
Taxes related to compensatory wages	4.126.565	-
Other fiscal debts	15.521.126	9.066.798
<b>Total</b>	<b>93.455.812</b>	<b>70.691.701</b>

OLTCHIM pays taxes and fees related to salaries by offsetting negative VAT (VAT recovered by the Company registered 31.12.2015: 10.265.939 Lei). For companies in insolvency the compensation is performed only after completing the control of the National Agency for Fiscal Administration (ANAF).

We mention that ANAF offset the amount of 15,182,891 lei from 2015 profit tax determined by debt cancellation under the reorganization plan approved by all creditors and confirmed by the syndic judge. According to the provisions from reorganization plan, this tax is not a current liability and the compensation should not have been done. The company contested and by sentence no. 2329 / 16.12.2015, it was confirmed that tax is not a current debt. Follow the 2016 ANAF returns on offsetting income tax and offset the negative VAT with taxes related to wages.

**30. OTHER LIABILITIES**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Debts on wages	12.474.497	19.498.537
Compensatory salaries of the dismissed personnel	36.020.280	38.273.888
Payable interest	23.129.461	64.717.090
Settlements from investment operations	7.589.080	-
Other creditors	17.480.457	19.908.050
<b>Total</b>	<b>96.693.775</b>	<b>142.397.565</b>

At December 31, 2015 OLTCHIM registered total debts in the amount of 1.364 million lei, of which:

- 1.052 million lei debt registered according to the reorganization plan;
- 249 million lei net debt accrued in insolvency, of which 212 mil. lei are overdue;
- 37 million lei mutual debts and claims and liabilities to the state budget that will be compensated with VAT to be recovered;
- 26 million lei other liabilities, of which mainly is the provision for retirement benefits granted to employees.

### **31. TRANSACTIONS WITH RELATED PARTIES**

The nature of transactions with related parties is detailed below. The company recorded transactions with related parties in the normal course of business in conditions of normal contract terms.

#### **(i) Transactions with related parties**

##### **Sales**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Sistemplast SA	64.762	74.069
Oltquino SA	4.722	120.603
<b>Total</b>	<b>69.484</b>	<b>194.672</b>

##### **Purchases of goods and services**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Sistemplast SA	5.215.882	5.227.447
Oltquino SA	14.626	57.351
<b>Total</b>	<b>5.230.508</b>	<b>5.284.798</b>

#### **(ii) Balances with related parties**

##### **Customer receivables**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Sistemplast SA	1.428	14.102
Oltquino SA	252	57.978
<b>Total</b>	<b>1.680</b>	<b>72.080</b>

##### **Suppliers and other liabilities**

	<b>Year ended on December 31, 2015</b>	<b>Year ended on December 31, 2014</b>
Sistemplast SA	735.422	2.000.158
Oltquino SA	-	6.386
<b>Total</b>	<b>735.422</b>	<b>2.006.544</b>

### **32. SIGNIFICANT NON-CASH TRANSACTIONS**

A part of current receivables and liabilities were settled by non-monetary transactions, compensating balances of receivables with balances of liabilities. These non-monetary transactions were excluded from the statement of cash flows.

### **33. COMMITMENTS AND CONTINGENCIES**

#### **(i) Contractual commitments**

##### **Acquisition contracts**

On December 31, 2015, the Company had acquisition contracts of raw materials, auxiliary materials and services in the amount of 57.114.500 euro, 625.180 usd and 11.034.580 lei.

##### **Sales contracts**

On December 31, 2015, the Company had concluded sales contracts of products for 2016 totaling 91.587.740 euro, 529.400 usd and 3.779.550 lei.

#### **(ii) Contingencies**

At the date of the financial statements, the Company, by its Legal Service, sued bad debt customers for deliveries performed before the entry into insolvency proceedings, for failure to comply with contractual terms totaling 31.415.579,74 Lei representing the products delivered and unpaid and 8.673.963,98 lei delay penalties. Also, from disputes with foreign clients the company had to recover a total amount of 1.118.942,98 USD and 1.786.315,69 EUR, representing the value of products sold.

For our bad debt clients, the Company recorded adjustments to the balance sheet date in accordance with the policy adopted by the company (see Note 19).

At the time of the financial statements, the Company is involved in many litigation with former employees as a defendant, litigation pending in courts, for which cannot be estimated potential payment obligations of the Company that could result from unfavorable decisions of the courts.

Oltchim had lawsuits with employees. The cases were suspended: in these cases, suspension started when the insolvency proceedings were opened in Oltchim. When the case is suspended, the limitation period is suspended and thus causes can be judged after the expiration of the period of limitation of three years, but depending on the legal status of the Company after completion of the insolvency proceedings. In the Table of debts were accepted amounts requested in court by employees of the Petrochemical Division Bradu so that these lawsuits, of high values, remained without object

#### *Environment*

Environmental regulations are in development in Romania, and the Company has not recorded any obligations at December 31, 2015 and 2014 for no anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans on the elements of the environment. The company registers and pays the environmental fund to the budget according to current regulations.

In accordance with the Law no.3/2001 for ratifying the Kyoto Protocol at the United Nations Convention on Climate Change, Romania is included in Annex I as industrialized country with an economy in transition and is committed to reducing greenhouse gas emissions in 2008 - 2012 by 8% compared to 1989. Pursuant to Directive 2003/87/EC of the European Parliament and the Council in order to improve and extend the EU system of trading the Certificates for greenhouse gas emissions, the European Union countries have pledged to reduce by 2020 emissions of greenhouse gasses by at least 20% compared to the 1990's levels.

In Romania this legislation is reflected by G.D 780/14.06.2006 and subsequent additions regarding the establishment of trading scheme of certificates for greenhouse gas emissions in an economically efficient way.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**33. COMMITMENTS AND CONTINGENCIES (continuation)**

*ii) Contingencies (continuation)*

*Environmental Obligations*

SC OLTCHIM SA has the integrated environmental authorization no.6/ 25.05.2015 valid until 24.05.2025.

Environment investments that the Company must achieve are the following:

No.	Name of investment objective	Description	Estimated expenses -euro			
			For sundry taxes and authorizations	Designing	Execution	T O T A L
0	1	2	3	4	5	6 = 3+4+5
<b>I</b>	<b>MEASURES FROM ENVIRONMENTAL AUTHORIZATION</b>					
1	Closing the storage pit for hazardous waste - deadline 01.09.2022	It aims at greening the area and comply with GD 349/2005 amended by GD 210/2007 regarding waste disposal; by closure of some installations and modernization of others, no waste will result from the processes in this category. Making this investment involves closing the storage pit for hazardous waste.	58.000	60.000	5.882.000	<b>6.000.000</b>
2	Closing the current non hazardous waste landfill - deadline 01.09.2021	It aims at greening the area and in compliance with GD 349/2005 amended by GD 210/2007 regarding waste disposal. This measure is accomplished by greening the perimeter of the old warehouse of non hazardous waste closed the end of 2009 due to loading to capacity. In the same period it was taken into operation the new non hazardous waste landfill.	30.000	60.000	2.974.000	<b>3.064.000</b>
	<b>TOTAL</b>					<b>9.064.000</b>

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**33. COMMITMENTS AND CONTINGENCIES (continuation)**

*ii) Contingencies (continuation)*

During 2015 SC OLTCHIM SA had the environmental authorization for water - management no.17/ 29.01.2015. Environment investments that the Company must achieve are the following:

No.	Name of investment objective	Description	Estimated expenses -euro			
			For sundry taxes and authorizations	Designing	Execution	T O T A L
0	1	2	3	4	5	6 = 3+4+5
<b>II MEASURES FROM WATER - MANAGEMENT AUTHORIZATION</b>						
1	Upgrading Biological Wastewater Treatment Plant	Aims to reduce the organic load of waste water discharged into the river Olt at maximum 125 mg O <sub>2</sub> / liter for compliance with the rules set by NTPA 001/2005 stated by the GD 352/2005 regarding the conditions of discharging waste water into the aquatic environment. Their implementation involves upgrading the Biological Wastewater Treatment Plant that is technologically and morally outdated.	75.000	100.000	7.325.000	<b>7.500.000</b>
2	Improving water quality in Propylene Oxide Plant	It aims to reduce the content of suspensions up to 100 mg / liter in wastewater at Section Propylene collected at the company's Final Control Station. It is a complementary measure that ensures the conditions of reducing the content of suspensions in in waste water discharged into the river Olt to the value provided by NTPA 001/2005. Its implementation involves resizing the settling phase of intermediate station of sewage treatment at Propylene Oxide Plant.	45.000	100.000	4.355.000	<b>4.500.000</b>
3	Upgrading the Final Control Plant	Aims to reduce the content of suspended particles in wastewater discharged into Olt to 60 mg / liter for compliance with the rules set by NTPA 001/2005 stated by the GD 352/2005 regarding conditions of discharging waste water into the aquatic environment. Its implementation involves upgrading the Final control station that is technologically and morally outdated.	14.000	100.000	1.386.000	<b>1.500.000</b>
	<b>T O T A L</b>					<b>13.500.000</b>

All the investments to be carried out according to environmental authorization and water management permits are started, in the incipient stage of contracting feasibility studies and preparation of technical project of execution.

### **33. COMMITMENTS AND CONTINGENCIES (continuation)**

#### **(iii) Taxes**

On December 31, 2015, the Company has reserves recorded from fiscal facilities amounting 6.842.711 RON which, according to the tax legislation in force at that time, will become taxable on changing their destination. The impact will be 16% applied to the counter value of reserves used. The Company does not intend to use these reserves, so on the reporting date was not calculated or recorded deferred tax.

#### **(iv) Onerous contracts**

Onerous contracts are considered those contracts in which the costs of meeting the contractual obligations exceed the economic benefits accruing. These contracted costs include at least the net cost for contract implementation, which is the minimum of the cost of meeting the contractual obligations and any compensation or penalties arising from their failure. On December 31, 2015, the Company is not party to any onerous contract.

#### **(v) Complaints about non-compliant products**

On December 31, 2015 the Company has not recorded contingent liabilities related to complaints from customers associated with non-conforming products. The management believes as insignificant the risk of such possible claims. During 2015, the Company has not concluded insurance policies against such risks.

#### **(vi) Insurance policies**

On December 31, 2015, the Company has concluded compulsory insurance policies of civil liability for damage caused to third parties by accidents (RCA) and the policy ensuring domestic and export trade credits.

### **34. FINANCIAL RISKS**

#### **Market risk**

During 2015, along with the monthly increase of the utilization grade of production capacities and implicitly the increase of the turnover, the Company has resumed the business relation with an extensive portfolio of internal and external clients.

Whereas 75% of the turnover is realized on foreign markets, the company's activity is influenced by developments on foreign markets of chemical and petrochemical products.

#### **Currency and inflation risk**

Official exchange rates were as follows: for the year ended on December 31, 2015– 4,5245 lei/euro and 4,1477 lei/usd, and for the year ended on December 31, 2014 – 4,4821 lei/euro and 3,6868 lei/usd.

Monetary assets and liabilities denominated in Lei and in foreign currency are analyzed below:

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b><i>Assets (current assets, less inventories)</i></b>		
Monetary assets in lei	40.510.976	54.753.815
Monetary assets in foreign currency	27.873.487	20.568.025
	<b>68.384.463</b>	<b>75.321.840</b>
<b><i>Liabilities (total liabilities as per balance sheet)</i></b>		
Monetary liabilities in lei	923.827.407	2.941.005.578
Monetary liabilities in foreign currency	440.288.059	803.843.627
	<b>1.364.115.466</b>	<b>3.744.849.205</b>
<b><i>Net monetary position in lei</i></b>	<b>(883.316.431)</b>	<b>(2.886.251.763)</b>
<b><i>Net monetary position in foreign currency</i></b>	<b>(412.414.572)</b>	<b>(783.275.602)</b>

### **34. FINANCIAL RISKS (continuation)**

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates on the market.

During 2015 the Company did not conclude loan agreements with financial institutions.

#### **Credit risk**

The credit risk represents the risk that one of the parties to a financial instrument fails to meet an obligation, which will cause the registration of a financial loss to the other party.

Financial assets which subject the Company to potentially concentrations of credit risk mainly include receivables from the main activity. These are shown at net value of provision for doubtful debts. Credit risk related to receivables is limited, due to the large number of clients of the Company's customer portfolio and to the financial instruments used (promissory notes, checks, etc.).

Thus, the balance of receivables on December 31, 2015 was covered 64% by the insurance policy on domestic and export trade credit, 19% were claims for compensation which operates directly with suppliers of raw materials and utilities, 8% was covered by promissory notes, letters of credit or reverse factoring, and 3% were receivables with payment on delivery.

#### **Economic environment risk**

The process of adjusting the values depending on risk that took place in international financial markets in 2008 and 2011 affected their performance, including financial and banking market in Romania, leading to heightened uncertainty about future economic developments.

The liquidity and credit crisis that began in mid-2008 led among other things to a lower level and difficult access to capital market funding, lower liquidity levels in the Romanian banking sector and higher interbank lending rates. Significant losses experienced on the international financial markets have affected the Company's ability to obtain new loans.

The creditors of the Company may also be affected by the lower liquidity situation which could affect the ability to honor their current liabilities. Deteriorating of operational conditions of creditors may affect also the managing of cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, the management has reflected revised estimates of future cash flows in its impairment.

Current concerns that the deteriorating financial conditions could contribute in a later stage to a decrease of the confidence prompted additional efforts coordinated by governments and central banks for adopting special measures aiming to counter the growing aversion to the risk and restore normal functioning of the market

The Company's management can not predict events that could have an effect on the Romanian banking sector and consequently what effect it may have on these financial statements.

Management can not reliably estimate the effects on the financial statements of the Company resulting from the deterioration of financial market liquidity, impairment of financial assets affected by illiquid market conditions and high volatility of currency and financial markets. The Company's management believes that they take all necessary measures to support the growth of the Company's business in the current market conditions by:

- preparing strategies for managing the liquidity crisis;
- constant monitoring of the liquidity;
- forecasting of the current liquidity;
- daily monitoring of cash flows and effects assessment on its creditors, of limited access to funding and the growth possibility of operations in Romania.

### **34. FINANCIAL RISKS (continuation)**

#### **Liquidity risk**

Liquidity risk, also called funding risk is the risk where a company has difficulties in accumulating funds to meet commitments associated with financial instruments. Liquidity risk may occur due to the inability to sell a financial asset quickly at an amount close to the fair one. Company policy on liquidity is to maintain sufficient assets so that it can pay their obligations at maturity dates. Assets and liabilities are analyzed based on the remaining period to the contractual maturity, thus:

	<b>Less than 1 year</b>	<b>2-5 years</b>	<b>Total</b>
<b>Non-interest bearing debts</b>	<b>280.367.912</b>	<b>1.083.747.554</b>	<b>1.364.115.466</b>
Commercial liabilities	119.730.636	368.740.276	488.470.912
Other current liabilities and loans	160.637.276	715.007.278	875.644.554
<b>Interest bearing debts</b>	-	-	-
Cash and cash equivalents	13.328.457	-	13.328.457
Receivables and other current assets	55.056.006	-	55.056.006

On confirmation of the Reorganization plan by the syndic judge (on April 2015) the loan agreements were considered terminated, all liabilities registered at December 31, 2015 are non-interest bearing.

The company daily monitors the cash flows and constantly updates the forecasts of receipts and payments to better manage the liquidity considering the financial difficulties the Company is experiencing.

#### **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in size. If a financial instrument with a variable rate, for example, such fluctuations will result in a change in the effective rate of the financial instrument interest, usually without changes in its fair value.

By nature of business the Company is not subject to a high risk of change in cash flows expected from both the fluctuation of financial instruments and the interest rate changes.

### **35. BUSINESS CONTINUITY**

After entering the insolvency procedure (on January 30, 2013), the company entered into a comprehensive restructuring process which involved the following main areas:

- increase in production activity;
- regaining the foreign markets where OLTCHIM capitalize over 75% of turnover;
- drastic reduction in costs to streamline the company.

In 2015 the company achieved the best economic & financial performance since the entry in insolvency and the best value of EBITDA from 2008 to date.



**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**35. BUSINESS CONTINUITY (continuation)**

-th. lei-

<b>Crt. No .</b>	<b>Indicators</b>	<b>Implementation of the reorganization plan and other income/ expenses not related to current activity</b>	<b>Current activity</b>	<b>TOTAL YEAR</b>
<b>1</b>	<b>Turnover</b>	<b>5.552</b>	<b>742.392</b>	<b>747.944</b>
<b>2</b>	<b>Total revenues</b>	<b>2.392.656</b>	<b>760.867</b>	<b>3.153.523</b>
	- operating revenues	2.392.656	756.545	3.149.201
	- financial revenues		4.322	4.322
<b>3</b>	<b>Total expenses</b>	<b>14.407</b>	<b>809.334</b>	<b>823.741</b>
	-operating expenses	14.407	801.776	816.183
	-financial expenses, of which:		7.558	7.558
	-interests		2.144	2.144
<b>4</b>	<b>Gross result</b>	<b>2.378.249</b>	<b>(48.467)</b>	<b>2.329.782</b>
	- operating result, from which :	2.378.249	(45.231)	2.333.018
	- depreciation expenses		(85.775)	(85.775)
	-financial result		(3.236)	(3.236)
<b>5</b>	<b>EBITDA (operating result - depreciation )</b>		<b>40.544</b>	
<b>6</b>	<b>Profit tax</b>	<b>35.653</b>	<b>0</b>	<b>35.653</b>
<b>7</b>	<b>Net Result</b>	<b>2.342.596</b>	<b>(48.467)</b>	<b>2.294.129</b>

Total net result of OLTCHIM obtained in 2015 is + 2,294 million lei, consisting of:

- ✓ +2,371 million lei scriptic gross result caused by debts cancellation, mainly of unsecured debts, following the confirmation of the Reorganiozation Plan by the syndic judge by Sentence no. 892/22.04.2015 given in insolvency file no. 887/90/2013, before the Court Valcea. Under the provisions of the Insolvency Law and the Tax Code, the cancellation of debt means scriptic income of the period, which influence the registered outcome;
- ✓ +5 million lei revenues from the sale of CO2 certificates;
- ✓ +2 million lei net result from adjustments of current assets;
- ✓ -36 million lei tax on profit following the revenue from debt cancellation;
- ✓ -48 million lei gross result from the current activity of the company.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

**35. BUSINESS CONTINUITY (continuation)**

Economic and financial performance achieved by Oltchim SA in 2015 confirms the positive development of the company. Thus, since the insolvency and until now the company had the following results from current activity:

-th. lei-

<b>Crt. No.</b>	<b>Indicators</b>	<b>Achieved year 2013</b>	<b>Achieved year 2014</b>	<b>Achieved year 2015</b>
<b>1</b>	<b>Turnover</b>	<b>497.955</b>	<b>627.531</b>	<b>742.392</b>
<b>2</b>	<b>Total revenues</b>	<b>546.176</b>	<b>651.444</b>	<b>760.867</b>
	- operating revenues	497.814	648.863	756.545
	- financial revenues	48.362	2.782	4.322
<b>3</b>	<b>Total expenses</b>	<b>840.431</b>	<b>839.963</b>	<b>809.334</b>
	-operating expenses	784.432	827.447	801.776
	-financial expenses, of which:	55.999	12.517	7.558
	-interests	38.393	7.874	2.144
<b>4</b>	<b>Gross result</b>	<b>(294.255)</b>	<b>(188.319)</b>	<b>(48.467)</b>
	- operating result, from which :	(286.618)	(178.584)	(45.231)
	- depreciation expenses	(108.298)	(139.993)	(85.775)
	-financial result	(7.637)	(9.735)	(3.236)
<b>5</b>	<b>EBITDA (operating result - depreciation )</b>	<b>(178.320)</b>	<b>(38.591)</b>	<b>40.544</b>
<b>6</b>	<b>Utilization degree of production capacity</b>	20,69%	24,26%	28,29%

From the current business, in 2015 the company achieved the main indicators as follows:

- turnover increased by 114.8 million lei, or by 18% compared to 2014 and by 244.4 million lei, or by 49% compared to 2013;
- operating result from current activity (EBITDA) is + 40.5 million lei, compared to 2013-2014 when it was negative.

Total gross result from current activity of the company in 2015 is -48.5 million lei representing an improvement of 139,8 million lei compared to 2014 and of 245,8 million lei compared to 2013.

The total gross result of -48.5 million lei consists of:

- 11.3 million lei total profit generated from operating plants;
- - 59.8 million lei loss caused by the expenses with the preservation of non operating plants from Bradu and Valcea sites, plus expenses with severance payments related to personnel dismissal completed in December 2015 and other banking financial costs calculated prior to the approval of the reorganization plan.

Detailed structure of the costs that are not related to the operating plants, of 59.8 million lei:

1.	Losses on Petrochemical Division Bradu, Pitesti without redundancy payments	-24.1 million lei
2.	Redundancy payments, including taxes, related to the 243 persons dismissed	-10.6 million lei
3.	Interest on loans acquired before insolvency calculated prior to the approval of the Reorganization Plan	-2.2 million lei
4.	Costs with preservation of the plants from Rm. Valcea site	-10.9 million lei
5.	Oxo-alcohols plant loss in downtime during January-May 2015	-2.0 million lei
6.	Depreciation to the net liquidation value of the investment in progress	-10,0 million lei

### **35. BUSINESS CONTINUITY (continuation)**

The value of exports achieved by the company in 2015 is of 125.080 th. euro, up with 25.075 th. euro compared to 2014.

In 2015, Oltchim has carried out major investment work and overhauls to ensure the operation of production facilities safely and efficiently. They were worth 16.9 million lei, only from own sources:

- √ 8 million lei for the rehabilitation of two electrolyzers in Membrane Electrolysis Plant, one of which was rehabilitated in September 2015;

- √ 2.7 million lei for the overhaul of tank wagons in which the main feedstocks are supplied and the finished products are delivered;

- √ 2.6 million lei payment of two installments for the purchasing of the hydrogenation catalyst for the oxo-alcohols plant;

- √ 2.2 million lei for the overhaul of the lime kiln carried out in the Propylene Oxide Plant early this year;

- √ 1.4 million lei investment in other objectives such, the purchase of a heat exchanger for the propylene oxide plant.

At the main process plant, the Membrane Electrolysis there are rehabilitated 4 electrolyzers of the total of 7, the next 3 following to be rehabilitated in 2016, the investment being estimated at 10.6 million lei.

The results achieved in 2015 led to maintain the stability in the relationship with employees. Thus, in 2015 there were paid monthly salary rights for a month (first and second fortnightly payments, meal tickets) and, additionally, the salary arrears has decreased by the payment of a first fortnightly related to a month. Thus the salary gap originating before the company entered insolvency proceedings was reduced to two months.

On 31 December 2015 the value of current liabilities is higher than current assets, driven by the debt accrued in the first part of the insolvency until confirmation of the reorganization plan.

OLTCHIM pays in full and at maturity current monthly liabilities and debt accrued during the first part of insolvency (severance payments, debts to main suppliers CET Govora and Olt Water Basin Administration).

The reorganization plan mentions that the "accounts payables resulting from Oltchim's going concern will be paid during the judicial reorganization according to the related documents, or in the event that the company will not generate enough cash from current operational activities, their payment will be made in maximum 5 working days from the date of cashing by the debtor company of the price representing the value of the shares held by Oltchim SPV.

Accounts payables include also the amounts due by Oltchim as severance payments for the personnel dismissed previous to the opening of insolvency proceedings".

Therefore, during the implementation of the reorganization plan (4 years starting with May 2015) the fact that current liabilities are higher than current assets is not representing a risk.

For 2016 the company is considering a quantitative increase in production by the operation of the following plants:

- ✓ Operation of the membrane electrolysis to its maximum technological capacity, by rehabilitating other three electrolyzers;
- ✓ Operation of oxo-alcohols plant from April 2016, after the replacement of the hydrogenation catalyst;
- ✓ Operation of the propylene oxide plant depending on the volume of chlorine produced captively and acquisition of about 10,000 tons of chlorine;
- ✓ Operation of polyether polyols plants based on propylene oxide production;
- ✓ The manufacture of a new product since the second half of 2016, namely dioctyl terephthalate by the refurbishment of the existing dioctyl phthalate plant. The production of this product will drive to a diversification of octanol utilization, allowing thus for a smooth and continuous operation of the oxo-alcohols plant.

The company estimates for the year 2016 quantitative increase compared to 2015, for the main groups of finished products:

- at polyether polyols, including propylene glycol, an increase of 5%;
- at caustic soda liquid, an increase of 3%;
- at octanol, an increase of 37%.

**OLTCHIM SA, company in judicial reorganisation**  
**Notes on financial statements for the year ended on December 31, 2015**

(All amounts are expressed in Lei, unless otherwise stated.)

### 35. BUSINESS CONTINUITY (continuation)

The company has already signed contracts for entire 2016 for its main products (polyether polyols and chlor-alkali) covering more than 75% of its estimated production, and as regards the main raw materials required in 2016 (propylene, ethylene oxide, Itgastab, amines), the company has concluded contracts for the entire annual requirement.

In these conditions, the company estimates for 2016 profit-per total activity, ie full coverage of depreciation expenses and financial expenses.

At a turnover of 168 million euro (approx. the same value as in 2015) and subject to lower selling prices than the average of 2015, driven by decreased oil prices, the company estimates:

- ✓ EBITDA +12,3 million euro, i.e. by 2.7 million euro higher than in 2015
- ✓ operational profit 330 thousand euro
- ✓ profit on entire business 110 thousand euro.

The financial statements were prepared based on the principle of ongoing concern business.

### 36. THE REORGANIZATION PLAN

The reorganization plan started from the premise that the Company will operate according to its object of activity, in two scenarios:

- Scenario A – considers the restart and operation of Oxo-alcohols plant;
- Scenario B - considers the restart and operation of PA-DOP plant as major objective in addition to Scenario A, by identifying sources of external funding.

Regarding the schedule of payments included in the reorganization plan, the amounts to be distributed are provided as reference element, starting price negotiation for the sale and transfer of the business assets of the Company, amounting to 307 million euros respectively, each with 3 scenario assumptions as to when it will be collected and distributed the price (hypothesis 1 year: cashing in the 12th month of the plan; hypothesis 2 years: cashing in the 24 th month of the plan; hypothesis 3 years : cashing in the 36th month plan).

The Company recorded in accounting system the liabilities at the level settled in the Schedule of payments from the reorganization plan scenario B III, meaning the liabilities are recorded at the highest level, thus:

<b>Crt. No.</b>	<b>Debt category</b>	<b>Value of debt at the date of insolvency of Oltechim</b>	<b>Value settled in the schedule of payments</b>	<b>Value of the adjustment</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4 = 3 - 2</b>
1	Secured debts	881.866.547	710.885.690	(170.980.857)
2	Debts from labor relations	9.704.264	9.704.264	-
3	Budgetary debts	1.215.602.527	250.034.374	(965.568.153)
4	Unsecured debts as per art. 96 (essential suppliers)	150.384.370	44.926.658	(105.457.712)
5	Unsecured debts	1.128.925.357	-	(1.128.925.357)
<b>TOTAL</b>		<b>3.386.483.065</b>	<b>1.015.550.986</b>	<b>(2.370.932.079)</b>

Regarding the functioning of technological installations, in the first eight months (May-December 2015) after confirmation of the reorganization plan, they worked under Scenario A, respectively membrane electrolysis, propylene oxide - polyols and oxo – alcohols plants.

Also, the measures referred to in the reorganization plan for the first 8 months, were successfully implemented:

- Retehnologization of two electrolyzers from the membrane electrolysis plant;
- Repair of lime kiln;
- Regaining the commodity markets, mainly foreign;
- Reducing the personnel in excess.

### **36. THE REORGANIZATION PLAN (continuation)**

This is confirmed also by the results registered by the company after the confirmation of the reorganization plan (in April 2015). Thus, between May –December 2015 (first 8 months from the approval of the reorganization plan) the company recorded better results compared with the provisions in the plan. In terms of EBITDA, the achievements of the first 8 months of reorganization are with 2.5 million euro better compared to provisions in the plan. Also accumulated net total debt in insolvency are smaller than the provisions of the plan by 3 million euro (55.1 million euro achieved versus 58.1 million euro provided for in the plan).

### **37. SUBSEQUENT EVENTS TO BALANCE SHEET DATE**

Currently Oltchim has a plant for the production of dioctylphthalate, not functional since 2012. In March 2016 the Company concluded a contract for its conversion so as to obtain a new product more competitive and having rapid development prospects according to market studies, respectively dioctyltereftalat. The investment will be made within 6 months after signing the contract. The production capacity will rise to 18,000 tons of dioctyltereftalat annually. The investment will be 2.7 million euros, financed entirely by the supplier credit.

#### **Exchange rate movements**

On February 29, 2016 exchange rate was 4,4692 lei/euro and 4,0970 lei/usd. This represents an appreciation of the national currency by 1,24% versus euro and by 1,24% versus usd, compared with December 31, 2015 (1 euro = 4,5245 lei; 1 usd = 4,1477 lei).

#### **Collections and payments of receivables and liabilities**

Until February 29, 2016 the Company collected the amount of 1.302.766 euro and 13.111.302 lei, corresponding to outstanding trade receivables at December 31, 2015 and paid commercial liabilities in amount of 62.445 euro and 37.338.040 lei from the invoices outstanding at December 31, 2015.

#### **Stock exchange**

The closing price of a share OLT on 31.12.2015 is 0.3930 lei and market capitalization registered this date is 134.882.074 lei.

Unconsolidated financial statements presented were approved by the management on March 28, 2016 and signed on its behalf by:

Special Administrator  
Stanescu Nicolae Bogdan Codrut

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin