S.C. ALUM S.A.
SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2015

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY
THE EUROPEAN UNION
(Together with the Independent Auditor's Report)

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITORS' REPORT

Catre actionarii ALUM S.A.
To the shareholders of ALUM S.A.

Raport asupra situatiilor financiare individuale
Report on the separate financial statements

1 Am auditat situatiile financiare individuale anexate ale societatii ALUM S.A. ("Societatea") care cuprind situatia pozitiei financiare la data de 31 decembrie 2015, situatia rezultatului global, situatia modificarilor in capitalurile proprii si situatia a fluxurilor de numerar pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte note explicative. Situatiile financiare individuale mentionate se refera la:
- Activ net/Total capitaluri: 256.368 mii lei
- Rezultatul net al exercitiului financiar: 14.069 mii lei, profit

1 We have audited the accompanying financial statements of ALUM S.A. ("the Company"), which comprise statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, presenting the following:
- Net assets/Total equity and reserves: 256,368 thousand lei
- Profit for the year: 14,069 thousand lei

Responsabilitatea conducerii pentru situatiile financiare
Management's responsibility for the financial statements

2 Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a acestor situatii financiare individuale in conformitate cu Standardele Internationale de Raportare Financiara, adoptate de catre Uniunea Europeana, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.

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

Responsabilitatea auditorului
Auditors' responsibility

3 Responsabilitatea noastra este ca, pe baza auditului efectuat, sa exprimam o opinie asupra acestor situatii financiare individuale. Noi am efectuat auditul conform standardelor de audit adoptate de Camera Auditorilor Financiari din Romania. Aceste standarde cer ca noi sa respectam cerintele etice ale Camerei, sa planificam si sa efectuam auditul in vederea obtinerii unei asigurari rezonabile ca situatiile financiare nu cuprind denaturari semnificative.

3 *Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.*

4 Un audit consta in efectuarea de proceduri pentru obtinerea probelor de audit cu privire la sumele si informatiile prezentate in situatiile financiare. Procedurile selectate depind de rationamentul profesional al auditorului, incluzand evaluarea riscurilor de denaturare semnificativa a situatiilor financiare, datorate fraudei sau erorii. In evaluarea acestor riscuri, auditorul ia in considerare controlul intern relevant pentru intocmirea si prezentarea fidela a situatiilor financiare ale Societatii pentru a stabili procedurile de audit relevante in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficientei controlului intern al Societatii. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite si rezonabilitatea estimarilor contabile elaborate de catre conducere, precum si evaluarea prezentarii situatiilor financiare luate in ansamblul lor.

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

5 Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza opiniei noastre de audit.

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

Opinia
Opinion

6 In opinia noastra, situatiile financiare individuale ale Alum SA ofera o imagine fidela si justa a pozitiei financiare ale Societatii la data de 31 decembrie 2015, si a performantei financiare si a fluxurilor de numerar ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Standarderle Internationale de Raportare Financiara adoptate de catre Uniunea Europeana.

6 In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with the International Standards of Financial Reporting as adopted by the European Union.

In numele:
On behalf of:

Ernst & Young Assurance Services SRL

Alexandru Lupea,
Partener
Ernst & Young Assurance Services SRL
Alexandru Lupea,
Partner

Bucuresti, Romania
24 Martie 2016

Bucharest, Romania
24 March 2016

S.C. ALUM S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
All amounts are in RON thousand, unless otherwise stated

	Note	December 31, 2015	December 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	135,340	149,966
Intangible assets	**5**	13	604
Investments in subsidiaries	**6**	-	-
Deferred tax asset	**7**	8,921	11,508
Other non-current assets	**26**	17,227	15,312
Total non-current assets		**161,501**	**177,390**
Current assets			
Inventories	**8**	88,137	112,872
Trade receivables	**9**	2,400	14,902
Other current assets	**10**	217,314	150,762
Current income tax	**7**	-	-
Cash and cash equivalents	**11**	979	2,244
Total current assets		**308,830**	**280,780**
Total assets		**470,331**	**458,170**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	**13**	488,413	488,413
Reserves	**12**	58,740	67,731
Accumulated deficit		(290,785)	(314,295)
Total equity		**256,368**	**241,848**
Non-current liabilities			
Borrowings	**14**	-	9,183
Retirement benefit obligation	**15**	2,430	2,857
Deferred tax liability	**7**	-	-
Decommissioning Provision	**16**	19,170	17,009
Other non-current liabilities		298	58
Total non-current liabilities		**21,898**	**29,107**

	Note	December 31, 2015	December 31, 2014
Current liabilities			
Trade and other payables	**17**	76,293	81,293
Borrowings	**14**	10,436	18,570
Current income tax liability	**7**	985	-
Other current liabilities	**18**	104,351	87,351
Total current liabilities		**192,065**	**187,215**
Total liabilities		**213,963**	**216,322**
Total equity and liabilities		**470,331**	**458,170**

These separate financial statements were authorized for issue by the management on March 24, 2016.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

S.C. ALUM S.A.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	**19**	632,899	534,364
Cost of sales	**20**	(575,436)	(502,787)
Gross profit		**57,463**	**31,577**
Other operating income	**21**	1,034	19,030
Impairment of fixed assets	**4**	(1,714)	-
Impairment of investment		-	-
Administrative expenses	**22**	(42,164)	(16,135)
Other operating expenses	**23**	(1,950)	(1,601)
Other operational gains and losses	**24**	6,075	4,696
Operating result		**18,742**	**37,567**
Financial income		2,238	1,270
Financial expenses		(3,426)	(3,255)
Finance costs, net	**25**	(1,188)	(1,985)
Profit/(Loss) before tax		**17,555**	**35,582**
Income tax	**7**	(3,486)	11,434
Profit/(Loss) for the year		**14,069**	**47,016**
Other comprehensive income/(loss), net of tax			
Remeasurement gains/(losses) on defined benefit plans*		537	(461)
Income tax effect		(86)	74
Other comprehensive income for the year, net of tax		451	(387)
Total comprehensive income/(loss) for the year		**14,520**	**46,629**

***)** items that will not be reclassified into Statement of Comprehensive Income in the future

These separate financial statements were authorized for issue by the management on March 24, 2016.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

S.C. ALUM S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
All amounts are in RON thousand, unless otherwise stated

	Share Capital	Reserves	Accumulated Deficit	Total
Balance at January 1, 2014	**488,413**	**74,952**	**(368,146)**	**195,219**
Profit for the year	-	-	47,016	47,016
Remeasurement of post-employment benefits, net of tax	-	-	(387)	(387)
Total Comprehensive income			**46,629**	**46,629**
Transfer to legal reserve	**-**	2,506	(2,506)	**-**
Transfer of realized revaluation reserve	-	(9,727)	9,727	-
Balance at December 31, 2014	**488,413**	**67,731**	**(314,295)**	**241,848**
Balance at January 1, 2015	**488,413**	**67,731**	**(314,295)**	**241,848**
Profit for the period	-	-	14,069	14,069
Remeasurement of post-employment benefits, net of tax	-	-	451	451
Total Comprehensive income			**14,520**	**14,520**
Transfer to legal reserve	-	368	(368)	-
Transfer of realized revaluation reserve	-	(9,358)	9,358	-
Balance at December 31, 2015	**488,413**	**58,741**	**(290,785)**	**256,369**

These separate financial statements were authorized for issue by the management on March 24, 2016.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

Attached notes are part of the separate financial statements.

	Note	Year ended December 31, 2015	Year ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**17,555**	**35,582**
Adjustments for:			
Foreign exchange loss		(6,930)	(4,526)
Amortization and depreciation expense		22,600	22,216
Net gain on disposal of property, plant and equipment		73	-
Allowance for doubtful debts	**9**	23,134	247
Impairment allowance for property, plant and equipment	4	1,714	-
Impairment of investment	**6**	-	-
Allowance for slow moving and obsolete inventory	**8**	3,146	(10)
Increase in retirement benefit obligation	**15**	8	(30)
Interest income	**25**	(2,238)	(1,270)
Interest expense	**25**	3,297	3,113
Operating profit before working capital changes		**62,358**	**55,322**
Movements in working capital:			
Increase in receivables		(60,914)	(37,276)
(Increase)/decrease in inventories		21,589	6,366
Increase /(decrease) in payables		10,593	(3,440)
Cash generated from operations		**33,627**	**20,972**
Income tax paid		-	-
Interest paid		(971)	(1,513)
Interest received		2	7
Net cash generated from operating activities		**32,658**	**19,466**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment and intangible assets		(7,626)	(2,199)
Proceeds from disposal of property, plant and equipment, and intangible assets		-	-
Change in loans receivables		(6,309)	-
Restricted cash	**11**	406	249
Net cash used in investing activities		**(13,529)**	**(1,950)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings	**14**	(19,988)	(16,640)
Net cash (used in)/generated by financing activities		**(19,988)**	**(16,640)**

S.C. ALUM S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2015	Year ended December 31, 2014
(Decrease)/increase in cash and cash equivalents		**1,648**	**876**
Cash and cash equivalents at the beginning of the year	**11**	**(859)**	**772**
Cash and cash equivalents at the end of the year	**11**	**789**	**1,648**

These separate financial statements were authorized for issue by the management on March 24, 2016.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

1. GENERAL INFORMATION

S.C. ALUM S.A. (the "Company", the "Entity") is a joint-stock company set up under the Romanian law. The Company was initially established in March 1972, ALUM S.A. Tulcea being the largest producer of calcined alumina in Romania.

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V. Netherlands which in its turn is owned by ViHolding N.V. (Netherland Antilles) a company controlled by MAXON LIMITED.

The main activity is hydro metallurgical processing of bauxite to obtain aluminium oxide, the main raw material for obtaining aluminium.

Company's production processes and products have been certified in accordance with international standards for quality assurance.

The address of the Company's registered office is 82 Isaccei Street, Tulcea, Tulcea County, Romania.

Alum is listed on Bucharest Stock Exchange, AeRO segment. Its price per share could be analysed as follows:

	2015	2014
- minimum price (RON)	0.60	0.91
- maximum price (RON)	2.98	2.20
- average price (RON)	1.79	1.56

The evolution of average number of the Company's employees was as follows:

	2015	2014
Average number of employees	698	689

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements provide comparative information in respect of the previous period.

Following below are the new standards, amendments and interpretations to existing standards adopted starting 1 January 2015 and their effect in the preparation of the Company financial statements for the year ended 31 December 2015.

Standards and interpretations effective in 2015 that the Company has applied to these financial statements:

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015:

- Annual Improvements 2011-2013 Cycle (effective for annual periods beginning on or after 1 January 2015 for companies in EU), adopted by the EU on 18 December 2014. These annual improvements amend standards from the 2011 – 2013 reporting cycle. It includes changes to:
  - IFRS 3 Business combinations is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11.
  - IFRS 13 Fair value measurement is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
  - IAS 40 Investment property is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted

- IFRS 9 Financial instruments, issued on 24 July 2014 (effective for annual periods beginning on or after 1 January 2018), not yet adopted by the EU. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The directors currently assess that the adoption of IFRS 9 will have an effect on the classification and measurement of the Company financial assets, but no impact on the classification and measurement of the Company financial liabilities.

- IFRS 14 Regulatory Deferral Accounts issued on 30 January 2014 (effective for annual periods beginning on or after 1 January 2016). The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU, as the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. IFRS 14 is not applicable to the Company, as the Company is not a first-time adopter of IFRSs.

- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018), not yet adopted by the EU. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The directors anticipate that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019), not yet adopted by the EU. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management is currently evaluating the impact on financial statements resulting from the adoption of IFRS 16 in 2019.

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The amendments are not expected to have a material impact on the Company's financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016), not yet adopted by the EU. The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are not expected to have a material impact on the Company's financial statements.

- Amendments to IFRS 11 Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 24 November 2015. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The directors do not anticipate that the adoption of the amendments will have material impact on the financial statements since it is not a party to any joint arrangements.

- Amendments to IAS 1 Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 18 December 2015. The amendments further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The directors expect that the adoption of the amendment will affect the presentation and disclosures included in the financial statements.

- Amendments to IAS 7 Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017), not yet adopted by the EU. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. Management is currently evaluating the impact on financial statements resulting from the amendment.

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017), not yet adopted by the EU. The amendments clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. Management is currently evaluating the impact on financial statements resulting from the amendment.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 2 December 2015. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The directors do not anticipate that the application of these amendments to IAS 16 will have a significant impact on the Company's financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015), adopted by the EU on 17 December 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The directors do not anticipate that the application of the amendment will have material impact on the financial statements.

- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 18 December 2015. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. The amendment is not applicable to consolidated financial statements.

- Annual Improvements 2010-2012 Cycle (effective for annual periods beginning on or after 1 February 2015 for companies in the EU), adopted by the EU on 17 December 2014. The improvements are not expected to have a material impact on the Company's financial statements.

These annual improvements amend standards from the 2010 – 2012 reporting cycle and include changes to:

- IFRS 2 Share-based Payment: This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

- IFRS 3 Business combinations: This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

- IFRS 8 Operating Segments: This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

- IFRS 13 Fair Value Measurement: This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- IAS 16 Property Plant & Equipment: The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- IAS 24 Related Party Disclosures: The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- IAS 38 Intangible Assets: The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

- Annual Improvements to IFRSs 2012–2014 Cycle (effective for annual periods beginning on or after 1 January 2016), adopted by the EU on 15 December 2015. The improvements are not expected to have a material impact on the Company's financial statements. These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- IFRS 7 Financial Instruments: Disclosures: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

- IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for certain items of property, plant and equipment that are measured at revalued amounts as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

At the first application of IFRS, the Company has chosen to apply the deemed cost exemption for land and buildings as well as for equipment. The fair value was considered by the Company as deemed cost on transition to IFRS on January 1, 2005 considering the revaluation as 31 December 2004 as a good measure of the fair value.

Going concern

These separate financial statements have been prepared on a going concern basis, which assumes that the Entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group accounting

The Entity has participating interests in other companies, in which it has control over the financial and operational policies. These investments are recorded at cost less impairment allowance, in the separate financial statements. In accordance with International Accounting Standard 27 „Consolidated and separate financial statements", the Entity has to prepare consolidated financial statements. The Entity issues also consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. A list of investments in subsidiaries is presented in Note 6.

Foreign currencies

The separate financial statements are prepared and presented in RON, the functional currency of the Company being the currency of the primary economic environment in which the entity operates.

At the balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Closing exchange rates for EUR and USD were 4.5236 RON and 4.1477 RON as at December 31, 2015 (December 31, 2014: 4.4821 RON and 3.6868 RON respectively).

Property, plant and equipment

Items of property, plant and equipment are measured at cost value less accumulated depreciation and accumulated impairment losses, except for land, which is not depreciated and is stated at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is charged monthly using the straight-line method at rates designed to write-off the assets to the end of their residual useful lives or, for disposals, until the last month of use.

Depreciation periods as follows:	
Buildings and other constructions	2 – 52 years
Plant and machinery	1 – 25 years
Equipment and vehicles	1 – 25 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with their carrying amount and are taken into account in determining operating profit.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowings costs are recognized in profit or loss in the period in which they are incurred.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Emission rights

The Company recognizes emission CO2 rights in its separate financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission credit quotas, granted to the Company under Government decision no. 204/2013 by the Romanian National Environmental Authority, are recognized.

The Company estimates its annual emission volumes at each balance sheet date and recognizes the total estimated additional liability for the expected excess of emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognized in profit or loss based on unit of production method.

In case the Company estimates utilization of less than the allocated emission certificates any potential income from the sale of unused emission certificates is recognized in profit or loss only on actual sale of those certificates.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The capitalized expenses for the development activities are amortized over a period of 5 years.

Intangible assets purchased as part of a business combination

Intangible assets purchased as part of a business combination and recognized separately of the goodwill are initially recognized at their fair value as at the purchase date (which is regarded as their cost).
Subsequent to the initial recognition, the intangible assets purchased as part of a business combination are presented at cost less the cumulated amortization and any impairment losses, on the same basis as the intangible assets acquired separately.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of tangible and intangible assets excluding goodwill

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

Recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss' (FVTPL), ‘held-to-maturity' investments, ‘available-for-sale' (AFS) financial assets and ‘loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Investments in subsidiaries

In these separate financial statements investments in subsidiaries are stated at historical cost less accumulated impairment losses.

Effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as financial assets ‘at fair value through profit or loss' (FVTPL).

Financial assets are classified as at fair value through profit or loss (FVTPL) when the financial asset is either held for trading or it is designated as at fair value through profit or loss (FVTPL).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest rate method (continued)

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment. The Company has not recorded held-to-maturity investments as of the balance sheet date.

Available-for-sale financial assets (AFS financial assets)

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Company has not recorded Available-for-sale financial assets as of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, etc.) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually, they are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss or ‘other financial liabilities'.

Financial liabilities at fair value through profit or loss

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Company does not have during 2014 and 2013 financial assets or financial liabilities designated at fair value through profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest rate method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contracts issued by the Entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognized less, where appropriate, cumulative amortisation recognized in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
- Raw materials: purchase cost on a first in, first out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost, determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses are also booked for slow moving, damaged and obsolete inventory.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortized cost. For the purposes of preparing the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short term highly liquid investments.

Share capital

i) Ordinary shares are classified as equity.
ii) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds;
iii) Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Legal reserve

Legal reserves are computed based on the legislation in force and are deducted from the profit of the current financial year by allocating minimum 5% from the profit, until it reaches at least the 20% of the share capital.

Employee benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment cover. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

All employees of the Company are members of the Romanian State pension plan.

The Company awards its employees with several retirement benefits according to the Collective Labour Agreement. For this defined benefit retirement plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Defined benefit costs are categorized as follows:
- Service costs (comprising current service cost, past service cost, as well as gain and losses on curtailments and settlements), included in profit or loss line item "Cost of sales" or "Administrative expenses" within personnel costs.
- Net interest expense, included in profit or loss line item "Finance costs, net" within interest expenses
- Remeasurement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease payments for finance leases are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Entity and that they can be reliably measured.
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and related sales taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; the costs incurred or to be incurred in respect of the transaction can be measured reliably

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

Income tax expense comprises current and deferred tax. The current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Statutory income tax rate for the year ended December 31, 2015 was 16% (December 31, 2014:16%).

Currently the fiscal losses can be carried forward in Romania for 7 years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise items such as convertible notes and share options granted to employees.

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment information is presented in respect of the Company's business and geographical segments and are determined based on the Company's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters), head office expenses, income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:
- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- When receivables and payables are stated with the amount of sales tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restructurings

A restructuring provision is recognized when the Entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Entity's obligation.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical data and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements.

i) Impairment of tangible and intangible assets

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

According to the impairment test performed as of December 31, 2015 and 2014 by CMF Consulting, an independent valuation company, there is no impairment needed at CGU level.

ii) Impairment of investments in subsidiaries

The Company's investments in subsidiaries are accounted for at cost less the impairment. Impairment exists when the carrying value of an investment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the Company's budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the investments are disclosed and further explained in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

iii) Retirement benefit obligations

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and longevity. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Additional information is disclosed in Note 15.

iv) Tax uncertainties and Deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, when necessary, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in that context.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Detailed information is disclosed in Note 7.

v) Provision for decommissioning.

Decommissioning costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Detailed information is disclosed in Note 16.

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2014	**20,057**	**174,584**	**347,324**	**24,060**	**3,249**	**-**	**569,274**
Additions	-	1,204	2,563	140	1,425	-	5,332
Transfer between categories	-	287	1,875	-	(860)	-	1,302
Disposals	-	-	-	-	-	-	-
Closing balance at December 31, 2014	**20,057**	**176,075**	**351,762**	**24,200**	**3,812**	**-**	**575,906**
Additions	-	1,727	2,647	107	4,653	-	9,134
Transfer between categories	-	1,198	1,048	438	(2,684)	-	-
Disposals	-	-	(1,663)	(771)	-	-	(2,434)
Closing balance at December 31, 2015	**20,057**	**179,000**	**353,794**	**23,974**	**5,781**	**-**	**582,606**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2014	**-**	**104,870**	**283,902**	**14,273**	**-**	**-**	**403,045**
Charge for the year	-	6,594	14,339	659	-	-	21,592
Transfer between categories	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Closing balance at December 31, 2014	**-**	**111,464**	**298,241**	**14,932**	**-**	**-**	**424,637**
Charge for the year	-	7,689	13,859	427	-	-	21,975
Transfer between categories	-	-	-	-	-	-	-
Accumulated depreciation of disposal	-	-	(1,593)	(604)	-	-	(2,197)
Closing balance at December 31, 2015	**-**	**119,153**	**310,507**	**14,755**	**-**	**-**	**444,415**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Allowances for impairment	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Capital Assets in progress	Advances for fixed assets	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2014	**-**	**119**	**14**	**1,091**	**78**	**-**	**1,302**
Impairment charge for the period	-	-	-	-	-	-	-
Reversal of impairment	-	-	-	-	-	-	-
At December 31, 2014	**-**	**119**	**14**	**1,091**	**78**	**-**	**1,302**
Impairment charge for the period	-	-	-	-	1,714	-	1,714
Reversal of impairment	-	-	-	(164)	-	-	(164)
At December 31, 2015	**-**	**119**	**14**	**926**	**1,792**	**-**	**2,851**
Net book value							
At December 31, 2014	**20,057**	**64,492**	**53,507**	**8,177**	**3,734**	**-**	**149,966**
At December 31, 2015	**20,057**	**59,729**	**43,272**	**8,293**	**3,989**	**-**	**135,340**

The Company recorded full provision for the future cost of rehabilitating the red mud lake waste dump on a discounted basis. The change in the year increased the value of the fixed asset as of December 31, 2015 by RON 1,557 thousand (2014: RON 1,204 thousand) (see Note 16). The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2023, which is when the storage on the site should be either closed or extended.

No borrowing costs were capitalized in 2015 and in 2014.

As of December 31, 2015 property, plant and equipment of Alum S.A. have been pledged to secure the borrowing contracted by the company with a carrying amount of RON 116,446 thousand (December 31, 2014: RON 129,901 thousand) (Note 14).

The gross book value of the fully amortized fixed assets in use as of December 31, 2015 is in amount of RON 149,525 thousand (2014: RON 138,220 thousand).

5. INTANGIBLE ASSETS

Cost	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2014	**4,367**	**145**	**1,302**	**5,814**
Additions	-	40	-	40
Transfer to fixed assets.	-	-	(1,302)	(1,302)
Disposals	-	-	-	-
As at December 31, 2014	**4,367**	**185**	**-**	**4,552**
Additions	-	35	-	35
Transfer to tangible assets	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2015	**4,367**	**220**	**-**	**4,587**

Accumulated depreciation	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2014	**3,201**	**123**	**-**	**3,324**
Charge for the year	582	42	-	624
Disposals	-	-	-	-
As at December 31, 2014	**3,783**	**165**	**-**	**3,948**
Charge for the year	584	42	-	626
Disposals	-	-	-	-
As at December 31, 2015	**4,367**	**207**	**-**	**4,574**
Net book value at December 31, 2014	**584**	**20**	**-**	**604**
Net book value at December 31, 2015	**-**	**13**	**-**	**13**

Development costs include projects and studies related to the silicon removal processes and technological plant sizing, increase of the vertical kiln capacity, technical and technological rehabilitation. The capitalized expenses for the development activities are amortized over a period of 5 years.

6. INVESTMENT IN SUBSIDIARIES

	Year ended December 31, 2015	Year ended December 31, 2014
At January 1	82,581	82,581
Additions	-	-
Impairment of investment	(82,581)	(82,581)
At December 31	**-**	**-**

On May 1, 2011 Alum acquired from Vimetco N.V., related party, 100% of investment company Global Aluminium Ltd.. whose assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Minerals Holding 1 Ltd. and 100% shareholding in Bauxite Marketing Ltd.

Bought by Vimetco N.V. in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tons of bauxite, produced 1,334,046 tons in 2015 (2014: 1,160,705 tons). The bauxite mine produces raw material for Alum S.A.

Global Aluminium Ltd. has accumulated a deficit of USD (40,650) thousand as of December 31, 2015 (2014: USD (35,472) thousand).

As of December 31, 2015 CMF Consulting, an independent valuator, performed an impairment test for Alum's investment in Global Aluminium Ltd. The recoverable amount of cash-generating units operating in Sierra Leone (Global Aluminium Ltd.) was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors cover a five-year period, and a pre-tax discount rate of 18.0% per annum until 2018, being the estimated period of depletion for measured reserves and 20.0% per annum thenafter for indicated and inferred mineral reserves due to the higher risk or uncertainty (2014: 19.1% and 21.1% respectively). The cash flows beyond the five-year period have been extrapolated until the year 2028, when the estimated reserves (measured, indicated and inferred) will be used with a 1.9% growth rate (in line with forecast inflation rate). Due to the fact that SMHL equity resulted to be negative, the valuer opinion is that the equity fair value of SMHL and GAL is 0 (nil) USD.

The key assumptions for the cash-generating unit Global Aluminium Ltd. are:

	2015	2014
Discount rate	18.0%	19.1%
Growth rate (average of next five years)	9.4%	2.0%
EBITDA margin	23.7%	24.4%

The most sensitive key assumption used in impairment test of CGU Global Aluminium Ltd. is EBITDA margin. A decrease to 9.3% would cause the estimated recoverable amount to be equal to the carrying amount (2014: 11%). For the other assumptions management considers that there are no reasonably possible modifications that would lead to an impairment of the goodwill allocated to CGU Global Aluminium Ltd.

7. INCOME TAXES

Income tax recognized in the profit or loss

	Year ended December 31, 2015	Year ended December 31, 2014
Current income tax	985	-
Deferred income tax (credit)/expense	2,501	(11,434)
Total income tax revenue recognized in the current year	**3,486**	**(11,434)**

7. INCOME TAXES (continued)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
(Loss)/profit before tax	17,555	35,582
Income tax credit/(expense) calculated at 16%	(2,809)	(5,693)
Tax effect on permanent differences	(677)	(310)
Recognition of previously unrecognized temporary deductible differences	-	1,914
Utilisation of previously unrecognized tax losses	-	9,472
Recognition of previously unrecognized fiscal losses carried forward	-	6,051
Unrecognized temporary deductible differences	-	-
2008 fiscal loss expired in 2013	-	-
Derecognized fiscal loss previously recognized		-
Deferred tax unrecognized for 2013 fiscal fiscal loss	-	-
Income tax (expense)/revenue reported in profit and loss	**(3,486)**	**11,434**

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 16% payable by corporate entities in Romania on taxable profits under tax law in that jurisdiction.

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position:

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recycled to profit or loss	Closing balance
Property, plant and Equipment	(7,177)	579	-	-	(6,598)
Bank borrowings	(16)	14	-	-	(2)
Inventories	84	1,195	-	-	1,279
Trade receivables and other current assets	9,387	1,399	-	-	10,785
Long-term provisions	2,721	346			3,067
Retirement benefits Obligation	457	18	(86)	-	389
Trade payables	-	-	-	-	-
Tax losses c/fw	6,051	(6,051)	-	-	-
Deferred tax asset / (liability)	**11,508**	**(2,501)**	**(86)**	**-**	**8,921**

8. INVENTORIES

	December 31, 2015	December 31, 2014
Raw materials	40,670	32,542
Consumables	8,385	8,688
Finished goods	2,724	11,956
Work in progress	38,448	52,050
Semi-finished goods	1,479	7,799
Other	104	364
Allowance for slow moving and obsolete inventories	(3,673)	(527)
Total	**88,137**	**112,872**

Movement in the provision for inventory is as follows:

	2015	2014
Balance at beginning of the year	527	537
Charge during the year	3,459	180
Release during the year	(313)	(190)
Balance at end of the year	**3,673**	**527**

The value of the expensed inventories in 2015 is of RON 344,136 thousand (2014: RON 291,356 thousand).

9. TRADE RECEIVABLES

	December 31, 2015	December 31, 2014
Foreign trade receivables	63,864	54,411
Domestic trade receivables	5,948	4,770
Allowance for doubtful receivables	(67,412)	(44,279)
Total	**2,400**	**14,902**

There are four customers representing individually more than 10% of the total balance of trade receivables as at December 31, 2015 (2014: 2 customers).

Movement in allowance for doubtful receivables is as follows:

	2015	2014
Balance at beginning of the year	44,279	44,032
Charge during the year	23,133	296
Release during the year	-	(49)
Balance at end of the year	**67,412**	**44,279**

9. TRADE RECEIVABLES (continued)

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the customer from the date when credit was initially granted up to the reporting date. Accordingly, the Company's management believes that there is no further credit provision required in excess of the allowance for doubtful receivables already provided for.

According to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2015 there is a potential loss from receivables from SMHL for which the Company recorded a provision in amount of USD 16,007 thousand (RON 66,392 thousand).

The table below is an analysis of trade receivables as at December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
Neither past due nor impaired	1,184	593
Past due but not impaired	9,067	7,683
Past due more than 3 months*	159	129
Past due more than 9 months*	59,402	50,775
Allowance for doubtful receivables	(67,412)	(44,279)
Total	**2,400**	**14,902**

*) trade receivables impaired

Ageing of receivables that are past due but not impaired:

	December 31, 2015	December 31, 2014
Less than 3 months	3,242	2,185
3 months to 6 months	598	1,262
6 months to 9 months	1,816	745
More than 9 months	3,410	3,492
Total	**9,067**	**7,683**

Details regarding the Entity transactions with the related parties are presented in Note 26.

10. OTHER CURRENT ASSETS

	December 31, 2015	December 31, 2014
Short term loan receivables (Note 26)	17,106	8,249
Advances to suppliers (Note 26)	199,369	141,560
VAT recoverable	255	671
Other debtors	356	113
Prepayments	244	185
Allowance for doubtful debtors	(16)	(16)
Total	**217,314**	**150,762**

10. OTHER CURRENT ASSETS (continued)

The movement in allowance for doubtful debtors is as follows:

	December 31, 2015	December 31, 2014
Balance at beginning of the year	16	16
Charge for the year	-	-
Release for the year	-	-
Balance at end of the year	**16**	**16**

11. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Cash at banks in RON	673	288
Cash at banks in foreign currency	107	1,355
Restricted cash	190	596
Cash in hand in RON	9	5
Total	**979**	**2,244**

Restricted cash represents cash collateral deposited at banks with the purpose of issuing letters of credit for acquiring raw materials and with the purpose of maintaining a required level of liquidity in respect of interest payable on its borrowings.

Also, as of December 31, 2015 the bank accounts of the Entity opened at Raiffeisen Bank are pledged to secure the borrowing contracted by the Entity in 2011.

Cash at banks earns interest at floating rates based on daily banks deposit rates. Short-term deposits are made for varying periods between one day and one month, depending on the immediate cash requirements of the Company.

12. RESERVES

	December 31, 2015	December 31, 2014
Legal reserve	8,332	7,964
Other reserves	50,408	59,767
Total reserve	**58,740**	**67,731**

The legal reserve is made up at 20% of the issued and paid shared capital of the Company, according to the regulations in force, it is not distributable and its utilization is strictly regulated by the laws.

Other reserves include mainly amounts that were generated by statutory revaluation of fixed assets.

13. ISSUED CAPITAL

The statutory share capital as of December 31, 2015 and 2014 is as follows:

	Statutory figures					
	December 31, 2015			December 31, 2014		
SHAREHOLDERS	Number of shares	Nominal Value RON (thousand)	%	Number of shares	Nominal Value RON (thousand)	%
ALRO SA	81,595,860	485,495	99.40	81,595,860	485,495	99.40
Individuals	481,177	2,863	0.59	481,177	2,863	0.59
Other companies	9,166	55	0.01	9,166	55	0.01
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V.

14. BORROWINGS

In May 2011 the Company entered into a long term loan contract with Raiffeisen Bank in amount of 25,000,000 USD for financing the acquisition of 100% of the shares of Global Aluminium LTD BVI, having its headquarter in Trinity Chambers, British Virgin Islands.

The borrowing contract spreads till 2016, with repayments in equal quarterly installments. The related interest rate for this borrowing is LIBOR 3M+4%. In 2015, the interest rates ranged between 4.25% and 4.32% (2014: between 4.22% and 4.24%).

The loan is denominated in USD and there is no outstanding undrawn portion of the amount at December 31, 2015 (December 31, 2014: nil).

	December 31, 2015	December 31, 2014
Current borrowings		
Short-term portion of long term debt	10,358	18,368
Accrued interest	78	202
Non-current borrowings		
Long-term borrowings	-	9,183
Total borrowings	**10,436**	**27,753**

The borrowings are secured by property, plant and equipment, by actual and future accounts receivable and by the current bank accounts of the Entity opened at Raiffeisen Bank.

15. RETIREMENT BENEFIT OBLIGATION

Defined contribution plans

The employees of the Company are members of the state-managed retirement benefit plan and starting with January 1, 2008 can/must (for employees above/under the age of 35) subscribe to private pension funds. The Company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions. The Company's legal and constructive obligation is limited to the amounts that it contributes to the fund.

Defined benefit plans

According to the Collective Labour Agreement, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years of work and varies between 1 and 6 salaries.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2015 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2015	December 31, 2014
Expected rate of salary increase (%)	2.60	4.50
Discount rate (%)	1.04	1.79
Expected inflation rate (%)	1.10	3.00

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Recognized into P&L		
Current service cost	229	192
Interest on obligation	103	113
Benefits paid	(221)	(221)
Recognized into OCI		
Actuarial changes due to changes in assumptions	**(538)**	**461**
Total	**(427)**	**545**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	2,857	2,312
Net actuarial gains	(427)	545
Net liability arising from defined benefit obligation	**2,430**	**2,857**

15. RETIREMENT BENEFIT OBLIGATION (continued)

	Year ended December 31, 2015	Year ended December 31, 2014
Opening defined benefit obligation	2,857	2,312
Current service cost	229	192
Interest cost	103	113
Actuarial gains	(538)	461
Benefits paid	(221)	(221)
Total	**2,430**	**2,857**

16. DECOMISSIONING PROVISION

The Company makes full provision for the future cost of decommissioning and rehabilitating the storage facilities for residual product (red mud lake) on a discounted basis.
The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2023, which is when the storage on the site should be either closed or extended.

These provisions have been created based on the estimates made by the Company's experienced constructions engineers specialists). Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Furthermore, the timing of rehabilitation is likely to depend on when the site cease to store at economically viable rates.
The discount rate used in the calculation of the provision as at 31 December 2015 equalled 3.603% (2014: 3.552%).

	Rehabilitation
At 1 January 2014	15,018
Capitalized during the year	1,204
Disposals	-
Unwinding of discount	787
Utilisation	-
At 31 December 2014	17,009
At 1 January 2015	17,009
Capitalized during the year	1,557
Disposals	-
Unwinding of discount	604
Utilisation	-
At 31 December 2015	19,170
Comprising:	
Current 2015	-
Non-current 2015	19,170
Current 2014	-
Non-current 2014	17,009

17. TRADE AND OTHER PAYABLES

	December 31, 2015	December 31, 2014
Foreign trade payables	3,484	3,217
Domestic trade payables	72,064	77,428
Accrued trade payables	745	648
Total	**76,293**	**81,293**

Details regarding the Entity transactions with the related parties are presented in Note 26.

18. OTHER CURRENT LIABILITIES

	December 31, 2015	December 31, 2014
Suppliers of fixed assets	522	390
Advances from customers (Note 26)	94,908	79,456
Wages and social security	2,246	1,644
Tax on salaries	385	360
Other taxes payable/(prepaid)	44	51
VAT payable	5,930	5,140
Other current liabilities	316	310
Total	**104,351**	**87,351**

19. REVENUE

99% of the company's revenues consist of sales of alumina and hydrate, most of them to one customer (see note 26).

	December 31, 2015	December 31, 2014
Revenues from sale of alumina	632,283	533,208
Other revenues	616	1,156
Total	**632,899**	**534,364**

20. COST OF SALES

	Year ended December 31, 2015	Year ended December 31, 2014
Energy, water and gas	167,690	158,317
Raw materials	331,695	282,249
Staff costs	24,980	21,290
Other staff costs	2,774	2,834
Consumables expenses	10,776	8,588
Amortization and depreciation	22,317	20,244
Third party services	4,588	4,335
Repairs	5,067	2,042
Transportation costs	518	564
Others	1,884	2,333
Allowance for slow moving and obsolete Inventories	3,146	(10)
Total	**575,436**	**502,787**

20. COST OF SALES (continued)

In 2015, the company recognized total employment benefits expenses representing salaries and other staff costs of RON 33,902 thousand (in 2014: RON 31,574 thousand) in profit and loss.

21. OTHER OPERATING INCOME

	Year ended December 31, 2015	Year ended December 31, 2014
Income from sale of unused CO2 emission rights	-	17,691
Other revenues	1,034	1,339
Total	**1,034**	**19,030**

22. ADMINISTRATIVE EXPENSES

	Year ended December 31, 2015	Year ended December 31, 2014
Energy, water and gas	48	49
Consumables expenses	873	608
Staff costs	7,417	6,435
Third party services	6,242	5,108
Insurance	805	479
Taxes other than income	796	732
Amortization and depreciation	1,343	1,350
Other administrative expenses	1,507	1,127
(Decrease)/increase in allowance for doubtful receivables	23,133	247
Total	**42,164**	**16,135**

For more details regarding the increase in allowance, see Note 9.

23. OTHER OPERATING EXPENSES

Under other operating expenses, are recorded mainly expenses related to penalties for noncompliance with the estimated consumption for electricity and penalties charged by shipping companies for excess/shortage in idle time spent at bauxite loading/unloading (2015: RON 1,950 thousand; 2014: RON 1,601 thousand).

24. OTHER GAINS AND LOSSES

	Year ended December 31, 2015	Year ended December 31, 2014
Foreign exchange (gain)/loss	(6,148)	(4,696)
Gain on disposal of fixed assets	73	-
Total	**(6,075)**	**(4,696)**

25. FINANCIAL COSTS, NET

	Year ended December 31, 2015	Year ended December 31, 2014
Interest income	2,238	1,270
Interest expense	(2,589)	(2,212)
Interest from discounting provisions	(604)	(787)
Interest on post-employment benefits	(103)	(113)
Bank commissions	(129)	(142)
Total	**(1,188)**	**(1,985)**

26. RELATED PARTY TRANSACTIONS

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco N.V. Netherlands which in its turn is owned by ViHolding N.V. (Netherland Antilles) a company controlled by MAXON LIMITED.

Related parties are entities with common direct or indirect shareholders, directors or management. A significant proportion of Company's business is conducted through transactions with related parties and the effect of these on the basis determined between the related parties is reflected below. The transactions between the related parties are based on mutual agreements and may not always be at arm's length.

The main related parties the Entity has recorded transactions with in 2015 and 2014 are: Alro S.A., Vimetco Extrusion S.R.L., Vimetco Power Romania SRL, Conef Gaz S.R.L., Vimetco Management S.R.L. Romania, Centrul Rivergate S.R.L., Sierra Minerals Holding Ltd., Global Aluminium Ltd.. Details of transactions between the Entity and its related parties are disclosed below.

Related party	Related party type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Sierra Minerals Holding Ltd.	Subsidiary	Sales/purchases of goods/services
Global Aluminium Ltd *	Subsidiary	Assignment of receivables
Vimetco Management Romania S.R.L.	Common control	Purchases of goods and services
Vimetco Power	Common control	Sales of goods and services
Vimetco Extrusion	Common control	Sales/purchases of goods
Vimetco Ghana	Common control	Sales of goods and services
Conef Gaz S.R.L.	Common control	Purchases of goods
Centrul Rivergate	Common control	Sales/purchases of goods/services

	Year ended December 31, 2015	Year ended December 31, 2014
Sales of goods and occasionally services		
Alro S.A.	575,503	464,475
Centrul Rivergate	34	35
Sierra Minerals Holding Ltd.	4,663	2,655
Vimetco Power	63	202
Vimetco Extrusion	3	2
Total	**580,266**	**467,369**

26. RELATED PARTY TRANSACTIONS (continued)

Purchases of goods and services	Year ended December 31, 2015	Year ended December 31, 2014
Alro S.A.	20,434	22,257
Centrul Rivergate	2,632	2,409
Conef Gaz S.R.L.	141,154	141,456
Vimetco Management Romania S.R.L.	813	813
Sierra Minerals Holding Ltd.	171,713	127,974
Total	**336,746**	**294,909**

	December 31, 2015	December 31, 2014
Trade and other receivables, gross		
Sierra Minerals Holding Ltd.	261,474	208,676
Sierra Minerals Holding Ltd. **	6,438	-
Global Aluminium Ltd *	27,895	23,562
Conef Gaz S.R.L.	405	-
Centrul Rivergate	4	4
Vimetco Power	3,150	3,072
Alro S.A.	8	3
Vimetco Extrusion	-	1
Total	**299,374**	**235,317**

*) In June 2011 the Company entered into a receivables assignment agreement with Global Aluminium Ltd. BVI, having its headquartes in Trinity Chambers, PO Box 4301, Road Town Tortola, British Virgin Islands, for the amount of USD 10,383,669. The balance as of December 31, 2015 is in amount of USD 6,548,887 (2014: USD 6,230,202), the equivalent of RON 27,163 thousand (2014: RON 22,970 thousand).
The interest according to the contract is Libor 12M + 4.5% per year and as at the balance sheet date its value is of USD 176,448 (2014: USD 160,652), equivalent of RON 732 thousand (2014: RON 592 thousand). The total amount will be reimbursed in 3 equal annual installments. The long-term portion of this borrowing in the amount of RON 17,227 thousand (2014: RON 15,312 thousand) was classified as other non-current asset in the separate financial statements.

**) In September 2015, the Company concluded a loan agrement with Sierra Mineral Holdings I Limited, with the head office in Sea Meadow House, Blackburne Highway, Road Town Tortola, British Virgin Islands, for the amount of USD 1,560,000. The balance as of December 31st 2015 is in amount of USD 1,533,000 USD (2014: nil), the equivalent of RON 6,358,424 (2014: nil). The interest according to the contract is Libor 3M + 5% per year and as at the balance sheet date its value is of USD 19,242 (2014: nil), that is RON 79,809 (2014: nil). The loan shall be reimbursed within 1 year.

According to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2015 there is a potential loss from receivables from SMHL for which the Company recorded a provision in amount of USD 16,007 thousand (RON 66,392 thousand).
The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

26. RELATED PARTY TRANSACTIONS (continued)

	December 31, 2015	December 31, 2014
Trade and other payables		
Alro S.A.	152,009	145,609
Conef Gaz S.R.L.	-	673
Centrul Rivergate	-	246
Vimetco Management Romania S.R.L.	-	161
Total	**152,009**	**146,690**

The remuneration of directors and other members of key management personnel during the year was in amount of RON 861 thousand (2014: 810 RON thousand) and consist only of wages as there are no other benefits.

27. EARNINGS PER SHARE

	Year ended December 31, 2015	Year ended December 31, 2014
Net profit/(loss) attributable to shareholders	14,069	47,016
Weighted average number of ordinary shares (‘000)	82,086	82,086
Basic and diluted (losses)/earnings per share (RON/share)	0.17	0.57
Dividends per share in current year (RON/share)	-	-

28. SEGMENT INFORMATION

The company only has one operating segment, the production and sale of alumina. All its operating assets are located in Romania.

The following table shows the distribution of the Company's sales by geographical market.

	Year ended December 31, 2015	Year ended December 31, 2014
Romania	584,280	473,520
European Union	29,084	41,112
Non-EU European Countries	2,768	3,819
Other countries	16,767	14,913
Total	**632,899**	**534,364**

29. FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance. The Company does not use derivatives to cover the above mentioned risks.

29. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
The Company's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Company is exposed to foreign exchange risk because the predominant part of its sales of alumina is denominated in or linked to the USD while the vast majority of its operating costs (such as power costs, wages, etc.) are denominated in or linked to the RON. The currency exposure is related to the fact that most of the company's receivables are linked to USD of EUR while the liabilities are denominated in RON. The Company is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The Company's foreign currency exposure results from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary items (mainly trade receivables, trade payables and borrowings) denominated in foreign currencies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2015		December 31, 2014	
	Euro denominated	US Dollars denominated	Euro denominated	US Dollars denominated
	' 000 RON	'000 RON	' 000 RON	'000 RON
Total current assets	804	80,474	2,444	62,160
Total non-current assets	-	17,227	-	15,313
Total assets	**804**	**97,701**	**2,444**	**77,473**
Total short-term liabilities	2,437	11,971	676	21,577
Total long-term liabilities	-	-	-	9,217
Total liabilities	**2,437**	**11,971**	**676**	**30,794**

29. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity

The Company is mainly exposed to the Euros and the US Dollars. The following table details the Company's sensitivity to a 10% increase and decrease in the Romanian Lei against the relevant foreign currencies. 10% is the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the functional currency strengthens against the relevant foreign currency.

	December 31, 2015		December 31, 2014	
	Euro	US Dollars	Euro	US Dollars
	'000 RON	'000 RON	'000 RON	'000 RON
Profit or loss	163	(8,573)	(177)	(4,678)
Equity	137	(7,201)	(148)	(3,929)

Interest rate risk management

The Entity's interest rate risk arises from loans and borrowings. Loans issued and borrowings taken at floating rates expose the entity to cash flow interest rate risk. The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates on US Dollars denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

If interest rates would be higher/lower by 1 % and all other variables would be constant, the Entity's profit would increase/decrease by RON 104 thousand (2014: RON 278 thousand). In accordance, the Entity's equity would increase/decrease by RON 87 thousand (2014: RON 234 thousand). This is mainly attributable to the Entity's exposure to interest rates on its variable interest rate USD denominated borrowings.

The exposure of the company to the variation of interest rates for the financial assets and liabilities is detailed under the section "Management of the liquidity risk".

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The receivables are mainly related to Alro (over 90 %). The company is dependent operationally and financially on Alro.
The credit risk resulting from the transactions with the banks and financial institutions is managed by the Treasury Department. Investing of the available cash is done only with approved banks within specified limits. The limits are set to reduce the concentration risk and to reduce the possible financial losses caused by non-fulfilment of the contractual obligations.

Maximum exposure to credit risk equals to the receivable amount presented in the balance sheet.

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to close out market positions. Management monitors rolling forecasts of the company's liquidity reserve and cash and cash equivalents on a regular basis.

In the following tables are presented the financial liabilities of the company based on contractual maturities. The amounts represent undiscounted cash flows based on the earliest period required for the company to make the payments.

Year ended 31 December 2015

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	10,436	-	-	-	10,436
Accounts payable and accrued liabilities	1,189	75,104	-	-	-	76,293
Total	**3,638**	**85,540**	**-**	**-**	**-**	**86,729**

Year ended 31 December 2014

	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	19,273	9,232	-	-	28,505
Accounts payable and accrued liabilities	3,638	77,655	-	-	-	81,293
Total	**3,638**	**96,928**	**9,232**	**-**	**-**	**109, 798**

Fair value of financial assets and liabilities

The management considers that the accounting values of assets and liabilities recognized at amortized cost in the financial statements approximates the fair values.

The fair value of the assets and liabilities is determined as follows:

- the fair value of the assets and liabilities with standard terms and conditions for trading on the active and liquid markets is determined by reference to the quoting prices on the market
- the fair value of other financial assets and liabilities is determined based on models generally accepted based on the future cash flows models using prices of an observable transaction.
- the fair value of the derivatives is calculated based on quotations on the market.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Entity has estimated that the fair value of the borrowings and finance lease equals their carrying amount, due to the short nature of the borrowing for the short-term borrowings and for the long-term borrowings based on the fact that the borrowings bear interest at floating interest rates.

29. FINANCIAL RISK MANAGEMENT (continued)

Financial assets and liabilities

	December 31, 2015	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	2,400	-	-	2,400
Other current assets	217,314	-	-	217,314
Cash and cash equivalents	979	979	-	-
TOTAL FINANCIAL ASSETS	**220,693**	**979**	**-**	**219,714**
Financial liabilities				
Borrowings, long term	-	-	-	-
Trade and other payables	76,293	-	-	76,293
Borrowings, short term	10,436	-	-	10,436
TOTAL FINANCIAL LIABILITIES	**86,729**	**-**	**-**	**86,729**

	December 31, 2014	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	14,902	-	-	14,902
Other current assets	150,762	-	-	150,762
Cash and cash equivalents	2,244	2,244	-	-
TOTAL FINANCIAL ASSETS	**167,908**	**2,244**	**-**	**165,664**
Financial liabilities				
Borrowings, long term	9,183	-	-	9,183
Trade and other payables	81,293	-	-	81,293
Borrowings, short term	18,570	-	-	18,570
TOTAL FINANCIAL LIABILITIES	**109,046**	**-**	**-**	**109,046**

30. COMMITMENTS AND CONTINGENCIES

Commitments

ALUM S.A. has investment commitments for the year 2016 in amount of USD 573 thousand (2015: USD 73 thousand).

The Company has various contracts concluded as of December 31, 2015 for the acquisition in 2016 of raw materials, electricity and other materials and consumables in the amount of EUR 16,159 thousand, USD 99,881 thousand and RON 12,214 thousand, respectively (December 31, 2014: EUR 7,958 thousand, USD 107,742 thousand and RON 3,962 thousand, respectively).

Alum has issued a support letter to Sierra Mineral Holdings 1 Ltd under which the Company will provide technical and financial support until the total assets of Sierra Mineral Holding 1 Ltd, fairly valued, exceed its total liabilities.

30. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

Legal cases

As at December 31, 2015, the Entity is subject to a number of lawsuits resulted from the normal course of business. Management believes that these actions will not have a negative impact on the financial performance and financial position of the Company.

Taxation

The taxation system in Romania is undergoing a continuous development phase and is subject to various interpretations and constant changes which may sometimes be retroactive. Although the actual tax due for a certain transaction can be minimal, penalties can be significant, as they can be calculated at the value of the transaction. During the last 5 open fiscal years, the penalties and late payment interest varied from 0.03%/day-0.04%/day, respectively 0.02%/day, for the period 1 July 2010-30 June 2013, the penalties varying between 0%-15% based on the number of late payment days. The fiscal year remains open for tax audit for a period of 5 years. The management considers that the tax liabilities included in these separate financial statements are adequate.

In accordance with the requirements issued by the Ministry of Public Finance, which relates to the fiscal treatment of the elements of equity that have not been subject to the calculation of the income tax as at the date of their recording in the accounts, due to their nature, should the Company change in the future the destination of the statutory revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to additional income tax liabilities.

31. AUDITOR'S FEE

In 2015 and 2014, the Company incurred the following expenses for statutory audit and for services of assurance, fiscal consultancy and other non-audit services:

	December 31, 2015	December 31, 2014
Statutory audit annual	194	160
Non-audit services	-	-
Total	**194**	**160**

32. SUBSEQUENT EVENTS

In January 2016 the Company concluded a new loan agreement with Raiffeisen in amount of RON 41,770,000 that will be used to repay some commercial debts towards Alro. The balance of the previous loan has been fully reimbursed.

For the first trimester 2016 the selling price of alumina to Alro was updated based on the formula agreed in the addendum signed in February 2015.

32. SUBSEQUENT EVENTS (continued)

In August 2015 the Company applied to the 2014-2020 Competitiveness Operational Programme supported by the European Union with the project "Equipping the Research and Development Department of SC ALUM SA with performing independent research facilities to support economic competitiveness and business development".
The project consists in the acquisition of tangible assets respective research equipment technologies for obtaining aluminum hydroxide for high-tech applications. The project value is in amount of RON 20,786 thousand out of which the non-reimbursable financial assistance amounts to RON 7,606 thousand and the contribution of the Company amounts to RON 13,180 thousand.
The project was approved in December 2015 following the Company's management to decide whether the project will be implemented starting with 2016.