

ALUMIL ROM INDUSTRY SA

SEPARATE FINANCIAL STATEMENTS

**Prepared in accordance with
Minister of Public Finance Order 2844/2016**

31 DECEMBER 2016

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**ANNUAL REPORT
OF THE ADMINISTRATOR
REGARDING THE FINANCIAL YEAR 2016**

Name of issuer: SC ALUMIL ROM INDUSTRY S.A.
Registered office: Bucharest, Calea Rahovei nr. 286 A, sector 5
Telephone number: 021 424 34 56, fax: 021 423 39 32
Sole Registration Code with the Trade Registry Office: RO10042631
Trade Register number: J40/8540/1997
Share capital called up and paid in: RON 6,250,000.

Legal framework for the preparation of the annual financial statements

S.C. ALUMIL ROM INDUSTRY S.A., with the registered office in Bucharest, Calea Rahovei nr. 268A sector 5, is a joint-stock company operating in accordance with the provisions of the Company Law 31/1991, as republished with subsequent amendments.

The share capital of the Company is a private capital in full.

Starting 2012, the Company prepares separate annual financial statements in accordance with the International Financial Reporting Standards as approved by the OMFP no. 1286/2012 with subsequent amendments and supplements.

In accordance with the Accounting Regulations compliant Directive VII, ALUMIL ROM INDUSTRY S.A. meets the conditions of par. 12 of the Regulations mentioned before and is under the obligation to prepare consolidated annual financial statements. Moreover, in accordance with OMFP no. 1121/2006 on the application of the International Financial Reporting Standards, the Company meets the provisions of Art. 1, point 3 and is under the obligation to prepare consolidated financial statements in accordance with IFRS.

1. Analysis of the company activity

1.1 Description of the company's main activity

a) Company presentation

ALUMIL ROM INDUSTRY S.A. is a subsidiary of the company **ALUMIL ALUMINIUM INDUSTRY S.A. Greece**, an industrial group at European level operating in the Aluminum extrusion industry.

ALUMIL ALUMINIUM INDUSTRY S.A. is one of the European leaders in Aluminum extrusion, owning production sites with state-of-the-art technologies, being one of the top factories of Aluminum profiles for constructions, covering all types of applications known in this field.

b) Company subsidiaries

ALUMIL ROM INDUSTRY S.A. holds 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipestii de Padure, sat Ditestinr. 927, Prahova County, recorded with the Prahova Trade Registry Office under no. J29/866/1999 and Sole Registration Code no. 12402281, with share capital owned by ALUMIL ROM INDUSTRY S.A. in a total amount USD 50,000, the equivalent value of RON 82,500.

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1. Analysis of the company activity (continued)

ALUMIL EXTRUSION S.R.L. was established and recorded with the Trade Registry attached to the Bucharest Court on 9 November 1999 under no. J29/866/1999, Sole Registration Code 12402281, fiscal attribute R, under the name S.C. ALUMIL EXTRUSION S.R.L as a limited liability company, a Romanian legal person, on an unlimited operating period, established and operating in accordance with Company Law. The company was established in November 1999 by Mr. MichailSotiriou, as the sole shareholder. The share capital of the company at the establishment date was RON 82,500, the equivalent of USD 50,000, divided into 1,000 indivisible nominal shares with a value RON 82.50 each. On 4 October 2001, Mr. MichailSotiriou assigned 70% of the shares held in S.C. ALUMIL EXTRUSION S.R.L to the company ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE; following this assignment, the structure of the share capital was as follows: 300 shares held by Mr. MichailSotiriou, representing 30% of the share capital, the equivalent value of RON 24,750, and 700 shares held by the Greek company ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE, representing 70% of the share capital, the equivalent value of RON 57,750. In October 2005, both Mr. MichailSotiriou and ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE, assigned all the shares held in S.C. ALUMIL EXTRUSION S.R.L. to the company ALUMIL ROM INDUSTRY S.R.L., on 26 October 2005 this company becoming the sole shareholder of ALUMIL EXTRUSION S.R.L., and the share capital was RON 82,500, the equivalent value of USD 50,000, consisting in 1000 shares with a nominal value RON 82.50 each.

ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, having head office in Turkey, FatihMah., 1188 Sokak, No.13/B Gazimир /İZMİR, was established and registered in Turkey with the Gazimир Tax Office on 16 September 2015 under number 0680907038 and with the Izmir Chamber of Commerce under number: 183607 as a joint stock company, Turkish legal entity, having an unlimited operation duration and operating according to the Turkish Commercial Code. The company was established by SC ALUMIL ROM INDUSTRY SA, as sole shareholder. The company's share capital at the date of establishment was of 50,000 Turkish Lira, divided into 50 shares of 1,000 Turkish Lira each. On 16 November 2015, SC ALUMIL ROM INDUSTRY SA has assigned 60% of the shares in ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET S.A., to the company ALUMIL INTERNATIONAL AG Switzerland, the shareholding structure following the assignment is as follows: 20 shares SC ALUMIL ROM INDUSTRY SA namely 40% of the share capital, the equivalent of 20,000 Turkish Lira and 30 shares the ALUMIL INTERNATIONAL AG Switzerland company, namely 60% of the share capital, the equivalent of 30,000 Turkish Lira. In December 2015, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 950,000 Turkish Lira, representing 950 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 380 shares at the nominal value of 1,000 Turkish Lira each. In April 2016, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 1,900,000 Turkish Lira, representing 1,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 760 shares having a nominal value of 1,000 Turkish Lira each.

ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, was established and registered in Egypt on 20 March 2016, according to the joint-stock company set up certificate number 1375/20.03.2016 issued by the General Investment and Free Area Authority as a joint stock company for a duration of 25 years. The Company's issued capital at the set up date was of 1,000,000 Egyptian Lira, divided into 1000 shares of 1,000 Egyptian Lira each. The share capital structure at the set up date is the following: Alumil International AG Switzerland 59%, Alumil Rom Industry SA Romania 40% and Alumil MISR for Trading Egypt 1%. In November 2016, the first share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, to the total value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016, a new share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore, the company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares at the nominal value of 1,000 Egyptian Lira each.

1. Analysis of the company activity (continued)

c) Main activities

Alumil Rom Industry SA manufactures and trades a large range of Aluminum profiles systems (sliding, opening and partitioning systems) and accessories related to these systems, machine tools and specific tools used for aluminum joinery, interior doors and decorative Aluminum panels. The main activities of Alumil Rom Industry SA are the production of aluminum profiles, more specifically, processing of profiles through the provision of thermal breaks and electrostatic painting, as well as the trade of a large range of profiles, accessories, composite panels (J-Bond), and polycarbonate films.

Processing activity

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness". The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility.

The project, implemented in Filipeștii de Pădure, sat Minierinr. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Therefore, S.C. ALUMIL ROM INDUSTRY S.A. has put into operation new modern equipment for:

- horizontal painting with two automatic painting booths capable of painting Aluminum profiles in all RAL colors. ALUMIL ROM INDUSTRY S.A. paints about 1,450 kinds of Aluminum profiles in about 200 RAL colors;
- wood-effect painting with a technology based on a pre-printed film for decorating profiles, Aluminum panels and Aluminum accessories, using the sublimation method;
- thermal break production with a capacity of 150 profiles /hour

The installation also includes equipment for applying self-adhesive tape on Aluminum profiles in order to protect painted surfaces.

A small part of the production process is represented by the bending of profiles, an operation carried out only on client request.

The processing (painting) line is composed of:

- Chemical treatment line (baths) for filiform corrosion resistance with a waste water treatment plant;
- Frame preparation line;
- Electrostatic painting installation;
- Polymerization oven;
- Wood-effect painting installation;
- Thermal break production line;
- Profile assembly line.

The production and storage facilities are equipped with:

- fresh water installation and demineralized and fresh water tanks;
- deionized water installation;
- treatment plant (reduction-oxidation, neutralization, flocculation, settling, press filter);
- own wastewater and rainwater sewer network;
- own central heating plant (fuel: natural gas);
- air compressors;
- hydrophore installation;
- transformer station 10 /0.4 KV.

1. Analysis of the company activity (continued)

Moreover, the production area is equipped with a workshop for Aluminum cutting-off machine-tool, electronic platform scales - 2000 kg, portable metal analyzer (METALSCAN) and forklift.

d) Products

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing.

The main product categories of Alumil Rom Industry are:

- Aluminum profiles
- Accessories for Aluminum profiles
- J-Bond / Outdoor decorative panels
- Polycarbonates
- PVC profiles
- Geze automatic systems
- Interno interior doors.

The Aluminum profiles are grouped in the following categories of systems:

I. Opening window systems

- a) Without thermal break (3, 4, 5, 6 compartments): M940 Mini, M9300 Perfect, M9400 Softline, M15000 Prestige
- b) With thermal break: M9650 Alutherm Light, M11000 Alutherm Plus, M11500 Alutherm Super Plus, M11600 Alutherm Extra, M20000 Apollo Alutherm, M23000 Forestal

II. Sliding window systems

- a) Sliding windows without thermal break: M900 Aero, M9000 Slide, M12000 Premier, M14000 DeLuxe, M14500 DeLuxe Light
- b) Sliding windows with thermal break: S200 Exclusive Alutherm, S300 DeLuxeAlutherm, M300 Falcon Alutherm, S400 Premier Alutherm.

III. Curtain wall systems

The series M1 Solar Standard, M2 Solar Linear, M3(T) Solar Semistructural, M4(T) Solar Structural, M5 Solar ECO, M6 Solar Standard Plus, M50 Solar Standard Light

IV. Special systems

The special systems are mainly systems for interior partitioning (P100 Office), sun protection (M5600 Solar Protection), skylights (Skylight M9850, M10800 Skylight Alutherm) and systems for protection against insects.

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1. Analysis of the company activity (continued)

e) Quality management and certifications

The Company imports unpainted Aluminum profiles from the parent company in Greece. AlumilAluminium Greece holds all the certificates necessary for a modern plant concerning the Management of production processes and of the quality, environmental and occupational health and safety.

For the activities carried out in Romania, **ALUMIL ROM INDUSTRY** has implemented and is maintaining a quality management system, according to the requirements of SR EN ISO 9001:2008, an environmental management system, according to the requirements of SR EN ISO 14001: 2005 and an occupational health and safety management system, according to the requirements of SR OHSAS 18001. The certification of the quality, environment and occupational health and safety management systems was performed by audits of the certification body SRAC CERT, Romanian certification body with the largest recognition of the brand and of the certificates as a result of the partnership with IQNet (The International Certification Network) and of the accreditation by **RENAR** – body having signed the EA-MLA (European agreement on recognizing certification).

Even since 2005, Alumil Rom Industry also holds a license to use the labels of **GSB “Approved Coated Aluminium”**, body for the certification of aluminum profile painting, certificate renewed under number 087 of 15.06.2015 valid through 31.07.2019.

In 2008, Alumil Rom Industry has also obtained the license to use the **QUALICOAT** labels, certificate that is renewed every year, being issued by the Aluminum Association of Greece Certification Committee, also a painting and production processes certification body.

Having obtained the GSB and QUALICOT licenses proves that ALUMIL ROM INDUSTRY meets the requirements for carrying out the production processes and it has the necessary equipment, the coverage materials required through specifications and regulations obtaining finished products of an adequate quality. All the requirements in the two GSB and QUALICOAT specifications must be met for a quality label to be granted and maintained.

1.1.1 General evaluation items for 2016

	Consolidated ratios	MU	2016	2015
a)	Net profit	RON	1,227,939	2,136,991
b)	Turnover	RON	57,927,457	59,367,202
c)	Exportation	RON	3,123,212	3,308,753
d)	Cash and cash equivalents	RON	12,588,135	12,846,204

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1. Analysis of the company activity (continued)

1.1.2 Storage capacity

ALUMIL ROM INDUSTRY S.A. has a storage total area of 42,000 square meters. The statement of the Company of the storage capacities is shown below:

	Location	Surface (sq. m.)	Surface of land (sq. m.)	Total (sq. m.)	Type
1	Alba Iulia	767	-	767	Rented
2	Bacau	268	23	245	Rented
3	Baia Mare	390	-	390	Rented
4	Bistrita	500	-	500	Rented
5	Brasov	990	642	1,632	Owned
6	Bucharest	11,655	10,630	22,285	Owned
7	Cluj	2,103	1,915	4,018	Owned
8	Constanta	309	-	309	Rented
9	Craiova	200	-	200	Rented
10	Focsani	500	-	500	Rented
11	Galati	620	122	742	Owned
12	Iasi	349	-	349	Rented
13	Pitesti	320	-	320	Rented
14	Ploiesti	330	-	330	Rented
15	Sibiu	408	-	408	Rented
16	Slatina	500	-	500	Rented
17	TgMures	460	-	460	Rented
18	Timisoara	1,296	6,899	8,195	Owned
19	Filipestii de Padure	8,135	41,868	50,003	Owned
20	Filipestii de Padure	9,262	9,840	19,102	Owned
21	Filipestii de Padure	3,081	8,915	11,996	Owned
	Total	42,443	80,854	123,251	

1.1.3 New products introduced in 2016

Alumil Rom Industry is continuously concerned about the client satisfaction, and as a response to the ever changing needs, it is focusing on developing new technical solutions to improve the quality, comfort and safety. The systems are designed, developed and tested in the Alumil Group Research & Development Department in Greece and then certified by an internationally recognized certification institutions, such as IFT ROSENHEIM of Germany.



1. Analysis of the company activity (continued)

In recent years, Alumil Rom Industry in Romania has introduced a series of new systems such as:

1. **M 50 ENERGY** – a curtain wall system with thermal break and a high heat transfer coefficient, certified by IFT Rosenheim;
2. **S5660 PERGOLA** – system intended for performing the pergola-type shadowing applications;
3. **M8200 GLASS RAILINGS** – Premium handrail system, that can include 21.52 mm and 17.52 mm glass
4. **SMART95 RESIDENTIAL EXTERIOR DOORS** - a full range of high quality residential exterior doors, available in 3 versions of construction, IG (in boxes), HS (half structural) and DS (double structural) and a wide range of designs and finishing.
5. **S77 SUPREME** – swinging thermal break joinery, with excellent thermal and air and water proofing performance features. The system was certified by IFT Rosenheim embellished including by UbATC (Belgium)
6. **S440** - an increased thermal efficiency sliding system intended for use in medium-sized sliding typologies, designed to meet the requirements of modern architecture in terms of thermal comfort and minimalist design. The system was tested and certified by IFT Rosenheim
7. **S560** – a lift & slide joinery system intended for obtaining sliding by lifting features, with large and very large sizes (can withstand window frames of up to 300 kg). The system was tested and certified by IFT Rosenheim
8. **ALUMIL by Hoppe** - own range of handles for windows, doors, SENKklappe and Lift & Slide openings, produced for ALUMIL by the well-known German company Hoppe.

In 2016, we continued promoting the systems mentioned above and added new groups of products to the portfolio:

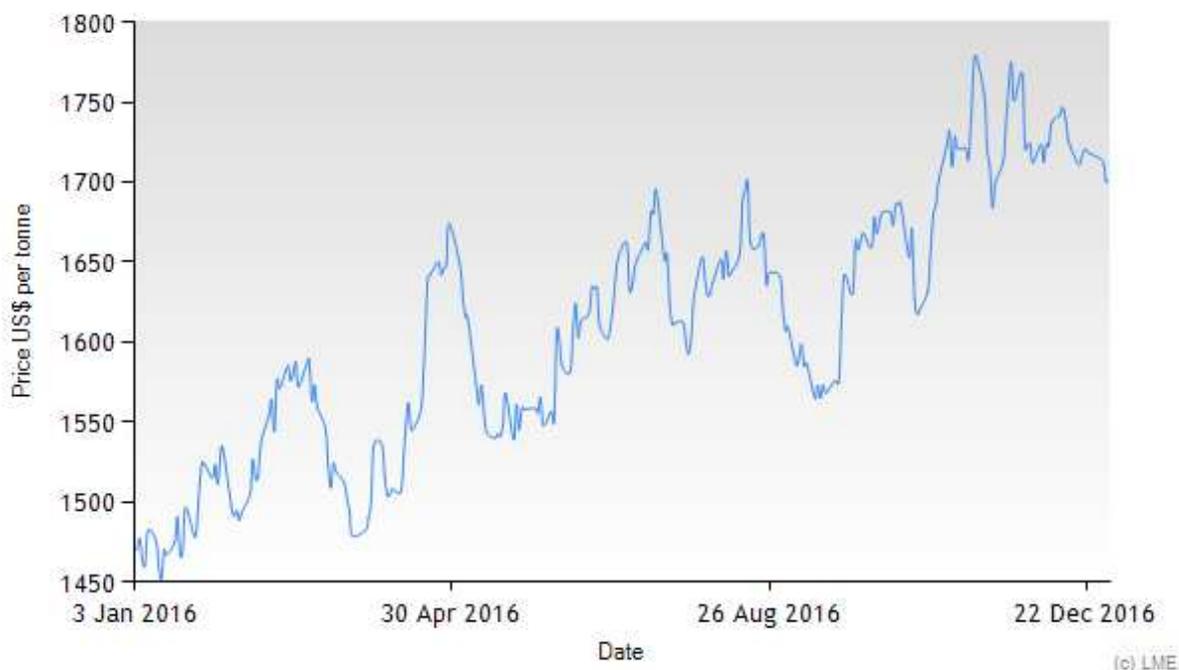
1. **S91** – certified system for case passive
2. **M8250 Juliet** – French balcony system,
3. **ZEN** exterior residential doors
4. **M9660** – roto-sliding system compliant with the national requirements for thermal rehabilitation
5. **M7** – advanced curtain wall system

1.1.4 Evaluation of the supply activity

The main supplier of Alumil Rom Industry SA is Alumil Aluminium Industry SA Greece for both processed and unprocessed profiles. The Company's competitive advantages consist in offering quality products, with a design and functionality of the highest level and the fact that it has access to favorable purchase prices because of the relationship with the parent company from Greece.

The price of Aluminum profiles is strongly influenced by the price of Aluminum on the international market, namely on London Metal Exchange. Starting early 2016, it has oscillated between USD 1,450 - 1,700/ton. In the second half of the year, after decreasing under USD 1.600/ton in September, close to year end the quotes reached values above USD 1,750/ton.

1. Analysis of the company activity (continued)



Source: www.lme.com

1.1.5 Evaluation of the sale activity

a) Description of the sales evolution and long-term prospects

The financial data for 2016 indicate a turnover earned of RON 57,927,457, decreased by 2.43% as compared to 2015. The quality of the products, the customer proximity and the ability to rapidly deliver painted profiles are the factors that have led to continued leadership in the market in the framework of a difficult year.

	2016	2015
Sales (RON)	57,927,457	59,367,202
Variation compared to the previous year	-2.43%	-

Source: Alumil management reporting - financial statements

In 2016, about 94.6% of the turnover was achieved on the domestic market, and the difference of 5.4% represented exports to Alumil Industry SRL in Moldova, and to the parent company, Alumil Aluminium Industry SA in Greece, and to other companies.

b) Description of the competition and the market share

The profile market for thermal insulation glass joinery in Romania is dominated by the profiles made of PVC (~ 70% of the value) and of Aluminum (more than 25%), according to the market studies performed in recent years. The other types of profiles (wood, steel and Aluminum and wood) have insignificant weights in the total purchases, accumulating about 1% of the market.

1. Analysis of the company activity (continued)

The Company estimates that, during 2016, it has maintained and even strengthened its market leadership by an estimated share of about 35%.

c) The description of any significant reliance on a single customer or group of customers

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2015, the top ten clients accounted for 23.5% of the total sales, this weight decreased in 2016 when the top ten customers accounted for approximately 19.9% of the total sales. This decrease is due to the fact that the Company has permanently tried to avoid a significant reliance on a single customer or group of customers.

1.1.6 Evaluation of the matters concerning the Company's employees

The increased activity of the Company in recent years has been translated into the increasing number of employees during the period 2003-2008, both those involved in production and those involved in sales. In 2016, the average number of employees was 178, being 3.8% lower compared to 185 in 2015. Considering that in December 2015 the number of employees was 189, in December 2016 the number of employees decreased to 179.

The evolution of the average number of employees:

	2016	2015
Average number of employees	178	185
Change percentage during the period	-3.8%	-

Source: Management reporting – consolidated statements.

1.1.7 Evaluation of the matters related to the impact of the main activity on the environment

ALUMIL ROM INDUSTRY SA holds:

- The Environmental Permit no. PH 481 of 18 October 2013, valid through 18 October 2018, issued by the Prahova National Agency for Environmental Protection.
- Water management authorization no. 176 of 29 September 2016, valid through 25 September 2018, concerning the water supply and the discharge of waste water, issued by the "Romanian Waters" National Administration, the S.G.A. Prahova unit.

1.1.8 Evaluation of the research and development activity

Most research and development activities are performed at Group level, in the specialized department of the parent company in Greece. The operations in Romania include a Research & Development department and a technical support one for projects carried out with Alumil profiles. These departments operate closely with the research and development department at Group level, the teams working together to develop new series of profiles and improve existing ones to meet customer requirements.

1. Analysis of the company activity (continued)

1.1.9 The evaluation of the ALUMIL ROM INDUSTRY S.A. risk management activity

The Company's exposure to:

- i) Price risk** - Alumil Rom Industry SA has in place a flexible commercial policy and is able to adapt to any price fluctuations, especially since the Aluminum price fluctuations at an international level affects all market participants to the same extent. To this effect, it is an advantage that Alumil Rom is part of a group with high power to acquire and process Aluminum on the international market.
- ii) Interest rate risk** - The Company's exposure to the interest rate fluctuation risk mainly relates to the floating interest-bearing loans contracted by the Company. At the end of 2016, the balance of short-term loans contracted by the Company was RON 6,297,466 (2015: RON 7,988,798), and of long-term loans was RON 8,355,876 (2015: RON 2,986,723). Considering the low gearing, the interest rate risk is also low.
- iii) Credit risk** - The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, having as a result an insignificant exposure of the Company to bad debts.
- iv) Liquidity /cash-flow risk** - Much of the Company's sales involve cash receipts or credits granted to customers over a period of several days to several weeks. Together with the loans for working capital, these provide for the current liquidity needs of the Company. During 2016 and 2015, the loans for the working capital were underused, the Company being in a position of financing its activities with own funds. Under these conditions the Company faces a very low liquidity risk.

1.1.10 Perspectives concerning the activity of ALUMIL ROM INDUSTRY SA S.A.

Alumil Rom Industry SA produces and offers to potential customers from Romania Aluminum profiles at international standards with excellent mechanical and physical features, while also providing assistance and advice on all technical aspects of the products.

The main objectives of **Alumil Rom Industry SA** are to maintain market leadership in the production and sale of Aluminum profiles in Romania and to focus both on providing innovative internationally certified products and, from a commercial perspective, on commercial network improving and expanding. The objectives for the coming years are to increase the market share and improve profitability. Additionally to Aluminum profiles, the Company offers a wide range of products in the field, such as outdoor decorative panels, polycarbonate sheets, sun protection systems, interior doors, decorative panels and accessories, an important objective being to increase the market share on the segments mentioned above. All these objectives are based on the vision of **Alumil Rom Industry SA** and of its parent company from Greece to maintain the leadership on the Southeastern Europe markets and to expand on other markets.

To achieve these objectives in the coming years, **Alumil Rom Industry SA** will focus on increasing the quality of customer service, on increased promptness in fulfilling orders and reducing delivery times. These strategic elements have been a priority in recent years, and by improving the existing processes in the coming years, we will manage to achieve new results on these lines. An important step in this regard is the investment from Filipestii de Padure, a European-level investment with high efficiency equipment completed in July 2013.

1. Analysis of the company activity (continued)

An important success factor for **Alumil Rom Industry SA** is the experience of more than 30 years of parent company from Greece in the Aluminum extrusion field, the research and permanent development of new products and technologies and the dynamic presence on international markets. Alumil is recognized in Europe as one of the leading suppliers of profile systems for all known architectural applications (windows, doors, facades, skylights, interior partitions), designed, developed and tested by the Development and Research Department of the Company and certified by the International Institute IFT Rosenheim in Germany, a leading authority in the field.

1.1.11 Company estate

Land and buildings

In terms of real estate properties in the Alumil Rom Industry SA estate, these are pieces of land located inside and outside the built-up area of localities, and also constructions, some of them ensuring the performance of the Company main activity.

Alumil Rom Industry owns the real estate property in Bucharest where it operates (located in Calea Rahovei nr. 286A, sector 5) together with the corresponding land with a total area 14,816 sq. m., which were acquired in January 1998. Subsequently, affixed to this location, the Company also acquired in October 2001 a real estate property consisting in various buildings, with the footprint area 856.5 square meters and the related land, with a total area 6,949 sq. m. Additionally to the buildings in Bucharest, the Company also owns a piece of land of 50,000 sq. m. located in Filipestii de Padure and acquired in 2008 on which the real estate property and the total area 8,835 sq. m. from the subsidiary S.C. Alumil Extrusion S.R.L. was commissioned; the land of 19,102 sq. m. purchased in Filipestii de Padure in 2009, as well as the real estate properties owned under an ownership title in Cluj, Baia Mare, Timis, Brasov, Galati and which are generally used as storage area as part of the distribution activity for its products.

In December 2010 Alumil Rom Industry SA purchased in Filipestii de Padure a hall with a built area 2,955.86 square meters and the related land of 11,996 sq. m.

In July 2013, the building of the new production and storage hall as part of the project performed through SOP IEC was completed, with an area 8,835 square meters, and located in Filipestii de Padure, Minieri Village, where the production activity is currently performed.

1. Analysis of the company activity (continued)

Tools and machinery

The table below details the equipment, installations and other major assets of the Company. The most important movable property of the Company is the dyeing installation put into operation in 2013. Additionally the Company records various other tools and machinery of lower value

Category	Description	Date of purchase	Purchase value (RON)
Tool	ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	2,251,811
Tool	THERMAL BREAK PRODUCTION LINE SOP IEC 154271/18.05.2011	10-Jul-2013	1,485,683
Tool	WOOD-EFFECT ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	1,015,542
Tool	FILIPESTI TREATMENT PLANT SOP IEC 154271/18.05.2011	12-Jul-2013	744,703
Tool	AUTOMATIC SYSTEM FOR WATER TREATMENT THROUGH FILTERING AND DEMINERALIZATION	10-Dec-2013	383,690
Tool	AUTOMATIC SYSTEM FOR STORAGE ON SHELVES SOP IEC 154271/18.05.2011	15-Jul-2013	342,886
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	FOUR-WAY LIFTING TOOL/SERIES 21719 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	FOUR-WAY LIFTING TOOL/SERIES 21720 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	ELECTRICAL AND PNEUMATIC SYSTEM FOR ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	14-Jun-2013	126,464
Tool	LIFTING SYSTEM FOR PALLETS/BASKETS SOP IEC 154271	10-Jul-2013	122,769

In 2016, machines amounting to RON 45,134, a truck amounting to RON 142,467, furniture and equipment amounting to RON 143,811, out of which IT equipment amounting to RON 105,778 were purchased.

2. The market for the securities issued by the Company

2.1. The markets on which the securities issued by the Company are negotiated

The shares of ALUMIL ROM INDUSTRY S.A. are traded on the market managed by the Bucharest Stock Exchange in Category II, section Equity Securities and the Shareholders' Register is managed by the Central Depository SA Bucharest.

2.2. Policy regarding the dividends

The table below details the dividends proposed by the Board of Directors for 2016 and 2015.

	2016	2015
Retained earnings	103,103	1,716,112
Retained earnings from first-time adoption of IAS 29	6,458,159	6,458,159
Net profit	1,227,939	2,136,991
Dividends proposes	-	3,750,000
Level of appropriation of profit/retained earnings	0%	97.32%

Source: Company.

* For 2016, the profit appropriation proposition will be subject to the approval of the SGM of 25 April 2017.

ALUMIL ROM INDUSTRY SA
ANNUAL REPORT OF THE ADMINISTRATOR
For the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

3. Management of the Company

3.1. Company administrators

The current composition of the Company Board of Directors is detailed below:

No.	Name	Position	Date of appointment	Date of expiry of the term
1.	MichailSotiriou	President of the Board /CEO	28.04.2014	27.04.2018
2.	EvangeliaMylona	Vice-president of the Board	28.04.2014	27.04.2018
3.	Konstantinos Akrivopoulos	Member of the Board	28.04.2014	27.04.2018
4.	Dimitris Koutsoupas	Member of the Board	28.04.2014	27.04.2018
5.	Georgios Doukidis	Member of the Board	28.04.2014	27.04.2018

a) Any agreement, understanding or family relation between the administrators and another person having influenced their appointment as an administrator:

Mrs. EvangeliaMylona is Mr. Georgios Mylonas' sister, the latter being the President of the Board of Administration of the parent company - ALUMIL ALUMINIUM INDUSTRY S.A. GREECE.

b) Administrators' contribution to the capital of S.C. ALUMIL ROM INDUSTRY S.A.

No.	Name	Position	No. of shares held	% before IPO	% after IPO
1.	MichailSotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	EvangeliaMylona	Vice-president of the Board	5,000	0.02%	0.02%
3.	Konstantinos Akrivopoulos	Member of the Board	-	-	-
4.	Dimitris Koutsoupas	Member of the Board	-	-	-
5.	Georgios Doukidis	Member of the Board	-	-	-

3.2. Members of the executive management of S.C. ALUMIL ROM INDUSTRY S.A.

The daily operations of the Company are performed by the following managers who are employed by the Company:

- (a) RacareanuMariean – Commercial Director
- (b) Balasca Ciprian – CFO
- (c) Ionita Marius – Operations Manager

Contribution of the executive management to the capital of the company

No.	Name	Position	No. of shares held
1.	MarieanRacareanu	Commercial Director	1,000
2.	Ciprian Balasca	CFO	1,000
3.	Marius Ionita	Operations Manager	600

ALUMIL ROM INDUSTRY SA
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(All amounts are expressed in RON, unless otherwise stated)

3. Management of the Company (continued)

3.3 Information on the relations with affiliates, subsidiaries and associates

The relations with related companies and daughter companies are detailed below:

Name of entity	Nature of operation with the Company	Country of origin
Alumil Extrusion SRL	Subsidiary of the Company – Alumil Rom Industry (100%)	Romania
Alumil EGE SA	Subsidiary of the Company – Alumil Rom Industry (40%)	Turkey
Alumil MISR for Aluminium and Industry SA	Subsidiary of the Company – Alumil Rom Industry (40%)	Egypt
Alumil Aluminium Industry SA	Parent and main supplier of semi-finished goods	Greece
Alumil Industry SRL	Subsidiary of the parent, AlumilMylonas (70%)	Moldova
Alumil Bulgaria Ltd.	Subsidiary of the parent, AlumilMylonas (99.87%)	Bulgaria
G.A. Plastics	Subsidiary of the parent, AlumilMylonas (50%)	Greece
AlproVlasenica AD.	Subsidiary of the parent, AlumilMylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent, AlumilMylonas (98.5%)	Serbia
Alumil Albania SA	Subsidiary of the parent, AlumilMylonas (99.27%)	Albania
Metron Automations S.A.	Subsidiary of the parent - 66%	Greece
AlumilPolska SRL	Subsidiary of the parent – 99.66%	Poland

The individuals referred to at points 3.1.a, 3.1.b and 3.2. c are also affiliates.

3.4. The Company internal control includes the following main components:

- A clear definition of responsibilities;
- Work procedures;
- Internal dissemination of relevant information;
- Analysis of main risks and procedures for managing these risks;
- Appropriate control activities for each process

Control aims at the application of the internal rules and procedures, at all hierarchical and functional levels: approval, authorization, verification, operating performances evaluation, asset securing, and task separation.

Internal accounting and financial control is a major item of internal control and its main formalizing items relate to:

- The existence of an accounting policy manual, as well as of procedures to apply the related controls;
- Knowledge of the accounting and fiscal legislation's evolution;
- The performance of specific controls on sensitive matters;
- The identification and appropriate treatment of deviations;
- Adapting the software to the entity's needs;
- Ensuring the accuracy and exhaustiveness of the accounting records;
- Complying with the quality characteristics of the information included in the financial statements.

ALUMIL ROM INDUSTRY SA
ANNUAL REPORT OF THE ADMINISTRATOR
For the year ended 31 December 2016
(All amounts are expressed in RON, unless otherwise stated)

4. Financial and accounting statement

Assets and liabilities during 2016-2015

RON

Balance sheet items	2016	2015
Non-current assets	41,303,730	39,065,306
Intangible assets	204,550	309,448
Tangible assets	37,030,727	38,595,981
Financial assets	4,068,453	159,877
Current assets	37,135,016	44,397,835
Inventories	10,473,722	9,694,410
Receivables	14,073,159	21,857,221
Petty cash and bank accounts	12,588,135	12,846,204
TOTAL ASSETS	78,438,746	83,463,141
Equity	51,297,919	53,819,980
Long-term liabilities	14,060,934	9,200,960
Current liabilities	13,079,893	20,442,201
TOTAL LIABILITIES	78,438,746	83,463,141

Profit and loss statement for 2016-2015

RON

	2016	2015
Sale revenues	57,927,457	59,367,202
Cost of sales	(39,836,882)	(41,939,964)
Gross margin	18,090,575	17,427,238
Other operating income	894,140	4,968,842
Sale and distribution expenses	(12,909,423)	(10,640,659)
Administrative expenses	(4,304,476)	(8,700,861)
Operating profit	1,770,816	3,054,560
Interest and related income	36,865	111,930
Interest expense	(357,070)	(636,645)
Foreign exchange gains/(losses)	38,175	110,345
Profit before tax	1,488,786	2,640,190
Current income tax charge	359,663	606,611
Deferred income tax	98,816	103,412
Net profit for the year	1,227,939	2,136,991
Earnings per share	0.0393	0.0684

President of the Board of Directors,
 Michail Sotiriou

CFO
 Ciprian Balasca

Statement of the Board of Directors
of ALUMIL ROM INDUSTRY Company

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby states that they undertake the liability for the preparation of the annual financial statements as at 31 December 2016.

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby confirms the following concerning the annual financial statements as at 31 December 2016:

- a) The annual financial statements are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union.
- b) The accounting policies used for the preparation of the annual financial statements are in compliance with the applicable accounting regulations;
- c) The annual financial statements give a fair view of the financial position, financial performance and of the other information regarding the activity performed;
- d) The Company performs its activity under the going concern principle.

This Statement is compliant with the provisions of Art. 30 of Accounting Law 82/1991 as republished.

PRESIDENT OF THE BOARD OF DIRECTORS,

CEO

SotiriouMichail

RAPORTUL AUDITORULUI INDEPENDENT **INDEPENDENT AUDITOR'S REPORT**

Catre actionarii Alumil Rom Industry SA
To the Shareholders of Alumil Rom Industry SA

Raport asupra auditului situatiilor financiare
Report on the Audit of the Financial Statements

Opinia *Opinion*

Am auditat situatiile financiare ale societatii Alumil Rom Industry SA („Societatea”) care cuprind situatia pozitiei financiare la data de 31 decembrie 2016, situatia rezultatului global, situatia modificarilor capitalului propriu si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.

We have audited the financial statements of Alumil Rom Industry SA (the Company), which comprise the statement of financial position as at December 31, 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2016, ca si a performantei financiare si a fluxurilor de numerar ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Bazele opiniei

Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare” din raportul nostru. Suntem independenti fata de Societate conform Codului etic al profesionistilor contabili emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA) si conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit

Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare” din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare anexate.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

La data de 31 decembrie 2016 Societatea are inregistrate creante in valoare de 23.044.579 RON inainte de ajustarea de depreciere de 9.564.020 RON. Identificarea si determinarea ajustarii de depreciere a creantelor necesita, din partea managementului, efectuarea unor estimari si a unor judecati, si reprezinta un process cu un grad ridicat de incertitudine. Principalele ipoteze folosite de management in evaluarea nivelului provizionului includ factori precum vechimea creantelor, locatia clientului, existenta unor dispute, istoricul recent al incasarilor de la client si orice alte informatii disponibile cu privire la bonitatea clientilor.

At year end, the Company has trade receivable balances of RON 23,044,579 before allowance adjustment of RON 9,564,020. The identification and determination of the trade receivable allowance requires management to make judgement and assumptions and represents a process with a high level of uncertainty. The main assumptions used by management in evaluating the level of the allowance include factors such as age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties.

Acesta reprezinta un aspect cheie de audit, datorita semnificatiei soldului creantelor comerciale (reprezentand 30% din activele circulante) si a incertitudinilor privind estimarile aferente.

Due to the significance of trade receivables (representing 30% of Current assets) and the related estimation uncertainty, this is considered a key audit matter.

Societatea prezinta informatiile cu privire la ajustarea valorii creantelor in Nota 12 la situatiile financiare statutare.

The Company’s disclosures about trade receivable allowance are included in Note 12 to the statutory financial statements.

Descrierea raspunsului auditorului

Description of Auditor's Response

Procedurile noastre de audit au pus accentul pe: evaluarea ipotezelor luate in considerare de catre managementul Societatii, cum ar fi in legatura cu creante cu scadenta depasita pentru care nu au fost constituite ajustari de depreciere sau in legatura cu soldurile semnificative pentru care au fost constituite ajustari de depreciere; intelegerea rationamentului folosit de management; si obtinerea de probe de audit coroborative, cum ar fi testarea incasarilor ulterioare de la clienti, analiza istoricului de incasari al clientilor, analiza ajustarilor de valoare in timp si corelatia acestora cu soldul clientilor si datele estimate de incasare.

Our audit procedures focused on: assessing the key management assumptions applied, for example in relation to aged balances where no allowance was recognised or for the larger trade receivable balances where an allowance for trade receivables was recognised; understanding the rationale behind management's judgement; and obtaining corroborative evidence, for example testing if cash collections had been received after the year-end, analyzing historical cash collection patterns and the level of bad debt charges over time and any correspondence with expected settlement dates.

In evaluarea de ansamblu a ajustarii de valoare a creantelor, procedurile noastre de audit au avut in vedere consecventa aplicarii politicii de recunoastere a ajustarilor de valoare, comparativ cu perioadele precedente. In mod specific am avut in vedere valoarea ajustarilor de depreciere constituite in perioadele precedente si utilizate prin inregistrarea in rezultatul perioadei a pierderilor din creante precum si ajustari de valoare ale anilor precedenti reluate ca urmare a incasarilor realizate in decursul perioadei curente.

In assessing the overall trade receivable allowance, our audit procedures considered the consistency of management's application of the policy for recognising an allowance with the prior years. Specifically we considered: how much of prior years' allowance had been utilised for bad debt write offs during the year and prior year allowance amounts released where a customer had paid.

De asemenea, am obtinut probe de audit coroborative printre care corespondenta cu avocatii care reprezinta societatea in disputele cu partile implicate, masurile luate de management pentru recuperarea creantelor cu scadenta depasita si informatii privind solvabilitatea contrapartidelor acolo unde au fost disponibile.

We also obtained corroborative evidence including correspondence with Company external lawyers supporting any disputes between the parties involved, measures taken by management to recover the amounts outstanding and information on the credit status of significant counterparties, where available.

De asemenea, am evaluat măsura în care informațiile prezentate de Companie în situațiile financiare cu privire la ajustările de valoare, sunt adecvate.

We further evaluated the adequacy of the Company's disclosures regarding trade receivable allowances.

Alte informații *Other information*

Alte informații includ Raportul administratorului dar nu includ situațiile financiare și raportul nostru de audit cu privire la acestea. Conducerea este responsabilă pentru alte informații.

The other information comprises the Administrator's Report but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastră de audit asupra situațiilor financiare nu acoperă alte informații și nu exprimăm nicio formă de concluzie de asigurare asupra acestora.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

În legătură cu auditul efectuat de noi asupra situațiilor financiare, responsabilitatea noastră este de a citi aceste alte informații și, făcând acest lucru, de a analiza dacă acestea nu sunt în concordanță, în mod semnificativ, cu situațiile financiare sau cunoștințele pe care le-am obținut în urma auditului sau dacă acestea par să includă erori semnificative. Dacă, în baza activității desfășurate, ajungem la concluzia că există erori semnificative cu privire la aceste alte informații, noi trebuie să raportăm acest lucru. Nu avem nimic de raportat în acest sens.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, 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 fraudă, fie de eroare.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare *Auditor's Responsibilities for the Audit of the Financial Statements*

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.

- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*
- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- Evaluam prezentarea, structura si continutul general al situatiilor financiare, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, masurile de siguranta aferente.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit. Descriem aceste aspecte in raportul nostru de audit, cu exceptia cazului in care legislatia sau reglementarile impiedica prezentarea publica a aspectului respectiv sau a cazului in care, in circumstante extrem de rare, determinam ca un aspect nu ar trebui comunicat in raportul nostru deoarece se preconizeaza in mod rezonabil ca efectele negative ale acestei comunicari depasesc beneficiile interesului public al comunicarii respectivului aspect. *From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.*

Raport asupra altor cerinte legale si de reglementare *Report on Other Legal and Regulatory Requirements*

Raportare asupra unor informatii, altele decat situatiile financiare si raportul nostru de audit asupra acestora *Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon*

Pe langa responsabilitatile noastre de raportare conform standardelor ISA si descrise in sectiunea „Alte informatii”, referitor la raportul administratorilor, noi am citit raportul administratorilor si raportam urmatoarele:

- a) in raportul administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare la data de 31 decembrie 2016, atasate;
- b) raportul administratorilor, identificat mai sus, include, sub toate aspectele semnificative, informatiile cerute de Ordinului Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, Anexa 1, punctele 15-19
- c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare intocmite la data de 31 decembrie 2016 cu privire la Societate si la mediul acesteia, nu am identificat informatii eronate semnificative prezentate in raportul administratorilor.

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:

- a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2016;
- b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 - 19;
- c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at 31 December 2016, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

In numele
On behalf of

Ernst & Young Assurance Services SRL

Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 77/15 august 2001
Registered with the Chamber of Financial Auditors in Romania

No. 77/15 August 2001

Numele semnatarului: Christina Pateli
Name of signing person: Christina Pateli



Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 1606/ 16 august 2005

Bucuresti, Romania
23 martie 2017

Registered with the Chamber of Financial Auditors in Romania
Nr. 1606/ 16 August 2005

Bucharest, Romania
23 March 2017

ALUMIL ROM INDUSTRY SA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

	Notes	2016	2015
Net revenue	21	57,927,457	59,367,202
Cost of sales	22	(39,836,882)	(41,939,964)
Gross margin		18,090,575	17,427,238
Other operating income	21	894,140	4,968,842
Sale and distribution expenses	23	(12,909,423)	(10,640,659)
Administrative expenses	24	(4,304,476)	(8,700,861)
Operating profit		1,770,816	3,054,560
Interest income		36,865	111,930
Interest expense		(357,070)	(636,645)
Foreign exchange gains/(losses)		38,175	110,345
Profit before tax		1,488,786	2,640,190
Current income tax charge	19	(359,663)	(606,611)
Deferred income tax	19	98,816	103,412
Net profit for the year		1,227,939	2,136,991
Other comprehensive income		-	-
Comprehensive income for the year		1,227,939	2,136,991
Earnings per share		0.0393	0.0684

 Michail Sotiriou
 CEO

 Ciprian Balasca
 CFO

ALUMIL ROM INDUSTRY SA
STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2016
(All amounts are expressed in RON, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
Non-current assets			
Intangible non-current assets	8	204,550	309,448
Tangible non-current assets	7	37,030,727	38,595,981
Shares in affiliates	9	4,062,041	152,165
Long-term receivables	10	6,412	7,712
Total non-current assets		41,303,730	39,065,306
Current assets			
Inventories	11	10,473,722	9,694,410
Receivables	12	13,480,559	18,376,307
Other receivables and prepayments	13	592,600	3,480,914
Cash and cash equivalents	14	12,588,135	12,846,204
Total current assets		37,135,016	44,397,835
TOTAL ASSETS		78,438,746	83,463,141
LIABILITIES AND EQUITY			
Equity			
Capital	15	10,337,676	10,337,676
Share premiums		26,693,396	26,693,396
Retained earnings		7,789,201	10,311,262
Reserves		6,477,646	6,477,646
Total equity		51,297,919	53,819,980
Long-term liabilities			
Long-term loans	17	8,355,876	2,986,723
Investment subsidies	18	5,558,196	5,968,559
Deferred income tax	19	146,862	245,678
Total long-term liabilities		14,060,934	9,200,960
Current liabilities			
Suppliers and other payables	20	6,763,041	12,264,661
Short-term loans	17	6,297,466	7,988,798
Provisions		-	-
Current income tax payable		19,386	188,742
Total current liabilities		13,079,893	20,442,201
LIABILITIES AND EQUITY - TOTAL		78,438,746	83,463,141

These financial statements and the accompanying notes were approved by the Board of Directors and signed on their behalf on 22 March 2017.

Michail Sotiriou
CEO

Ciprian Balasca
CFO

ALUMIL ROM INDUSTRY SA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

	Capital	Share premium	Reserves	Retained earnings	Total equity
1 January 2015	10,337,676	26,693,396	6,477,646	8,174,271	51,682,989
Dividends distributed	-	-	-	-	-
Profit for 2015	-	-	-	2,136,991	2,136,991
31 December 2015	10,337,676	26,693,396	6,477,646	10,311,262	53,819,980
Dividends distributed	-	-	-	(3,750,000)	(3,750,000)
Profit for 2016	-	-	-	1,227,939	1,227,939
31 December 2016	10,337,676	26,693,396	6,477,646	7,789,201	51,297,919

The legal reserves of the Company, set in accordance with the Company Law, are in an amount RON 1,250,000 as at 31 December 2016 (31 December 2015: RON 1,250,000).

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit is transferred to legal reserves until the balance of this reserve reaches 20% of the share capital of the Company. If this reserve is used in full or in part for covering the losses or for the distribution in any way (such as issuing of new shares according to the Companies Law), it becomes taxable.

ALUMIL ROM INDUSTRY SA
STATEMENT OF CASH FLOWS
for the year ended 31 December 2016
(All amounts are expressed in RON, unless otherwise stated)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before tax	1,488,786	2,640,190
Adjustments for monetary items:		
Amortization expenses 7,8	2,518,989	1,891,284
Setting /(reversal) of provisions for doubtful customers and inventories	276,258	1,284,237
Setting /(reversal) of provisions, net	135,087	
(Profit) /loss from sale of tangible assets	-	(51,344)
Revenues from reversal of investment subsidies	(379,623)	(367,608)
Interest (income)/expenses - net	320,205	524,715
Operating income before other changes in working capital	4,359,702	5,921,474
(Increases)/Decreases in trade and other receivables	7,355,963	(5,190,770)
(Increase)/decrease in inventories	(687,652)	1,921,658
Increases/(decreases) in suppliers and other payables	(5,341,524)	4,219,897
Net cash after changes in working capital	5,686,489	6,872,259
Income tax paid	(529,019)	(433,022)
Interest paid	(357,070)	(636,645)
Net cash generated from / (used in) operating activities	4,800,400	5,802,592
Net cash flows from investment		
Purchases of tangible, intangible and financial assets 7,9	(5,052,459)	(1,245,129)
Receipts from the sale of tangible assets	29,304	-
Interest received	36,865	111,930
Net cash generated from / (used in) investment	(4,986,290)	(1,133,199)
Cash flows from finance activities		
Dividends paid	(3,750,000)	(33,203)
Loans received 17	9,000,000	-
Loans reimbursement 17	(5,322,179)	(5,964,684)
Net cash (used in) finance activities	(72,179)	(5,997,887)
Increase/(decrease) in cash and cash equivalents	(258,069)	(1,328,494)
Cash and cash equivalents at beginning of period	12,846,204	14,174,698
Cash and cash equivalents at the end of period	12,588,135	12,846,204

1. GENERAL INFORMATION

ALUMIL ROM INDUSTRY S.A. is a Romanian trading company with private capital, having head office in Bucharest, Calea Rahovei nr. 286 A, sector 5, Romania, having a national distribution network through the warehouses from Bucharest, Alba-Iulia, Bacau, Baia-Mare, Bistrita, Brasov, Cluj-Napoca, Craiova, Constanta, Focsani, Galati, Iasi, Pitesti, Ploiesti, Sibiu, Slatina, Targu-Mures, Timisoara, Filipestii de Padure. Alumil Rom Industry is a joint-stock company. Starting May 2007, the Company shares are listed on the Bucharest Stock Exchange.

ALUMIL ROM INDUSTRY SA Company is a member of a European multinational industrial group involved in Aluminum extrusion. The direct and ultimate parent of the Company is ALUMIL ALUMINIUM INDUSTRY S.A., a company with the trading name ALUMIL S.A., established in 1998, registered in Kilkis, Greece, 611 00.

The main activity of the Company

ALUMIL ROM INDUSTRY S.A. sells Aluminum profiles and accessories, equipment for Aluminum joinery, interior doors and Aluminum panels.

Going concern

The financial statements have been prepared on the assumption that assuming that the Company will continue its activity without important changes in the predictable future.

2. OPERATING ENVIRONMENT

In recent years, Romania has undergone substantial political and economic changes. Romania is a market with a developing business infrastructure. The operations performed in Romania involve risks. The dynamic regarding the political, legal and tax environments could significantly affect the Company's ability to perform its commercial activity and it is not possible to estimate what changes may occur or their effect on the Company's financial conditions or future operating results.

3. BASIS FOR PREPARATION

The separate financial statements of the Company have been prepared in accordance with the provisions of Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications. These provisions are aligned with the requirements of the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), with the exception of the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency. For the purposes of the preparation of these financial statements in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

For all periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Romanian generally accepted accounting practice (MOF 3055/2009 as subsequently amended). Starting the year ended 31 December 2012, the Company prepares separate financial statements according to IFRS.

The financial statements are presented in RON and all amounts are rounded to the nearest RON, unless otherwise stated. The financial statements have been prepared on a historic cost basis.

Starting 2007, the Company also prepares consolidated financial statements according to IFRS as adopted by the EU, which are available on the Company website www.alumil.com/ro.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The adopted accounting policies are consistent with those applied in the prior financial year, except the following amended IFRS, which were adopted by the Company as of 1 January 2016:

- **IAS 27 Separate Financial Statements (revised)**
The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment allows 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. Management has not used this amendment.
- **IAS 1: Disclosure Initiative (Amendment)**
The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. 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. Management has not used this amendment.
- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
The amendment is effective for annual periods beginning on or after 1 January 2016. 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. Management has not used this amendment.
- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**
The amendment is effective for annual periods beginning on or after 1 February 2015. 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. Management does not have plans within the application scope of this amendment.
- **IASB has issued the Annual improvements to IFRSs – 2010 - 2012 Cycle**, which is a collection of amendments to IFRS. The amendments are effective for annual periods beginning on or after 1 February 2015. None of these amendments had any impact on the Company's financial statements.
 - **IFRS 2 Share-based Payment:** This improvement amends the definition of the "non-vesting condition" and of the "market condition" and adds definitions for the "performance condition" and the "services condition" (which, previously, had been included in the "non-vesting conditions").
 - **IFRS 8 Operating Segments:** This improvement provides that an entity must disclose the judgments issued by the members of the management bodies in applying the aggregation criteria for operating segments and clarifies that an entity must present only reconciliations of the total assets of segments that can be reported with the entity's assets if the segments' assets are reported regularly.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **IFRS 13 Fair Value Measurement:** This improvement within the Basis for conclusions of IFRS 13 clarifies that, by the issuance of IFRS 13 and the amendment of IFRS 9 and IAS 39, the possibility to assess short-term receivables and liabilities that do not have a stated interest rate at their invoicing value, without discounting, was not removed, if the effect of the non-discounting is not significant.
 - **IAS 16 Property, Plant and Equipment:** The improvement clarifies that, at the revaluation of a tangible asset item, the gross accounting value is adjusted so it corresponds to the gross value revaluation value.
 - **IAS 24 Related Party Disclosures:** The improvement clarifies that an entity that provides key management personnel services for the reporting entity or for the parent of the reporting entity is a related party of the reporting entity.
 - **IAS 38 Intangible Assets:** The improvement clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation value of the gross value.
- **IASB has issued the Annual improvements to IFRSs – 2012 - 2014 Cycle**, which is a collection of amendments to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016.

Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. 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. Management has assessed the standard's impact and considers it will not have a limited impact on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. 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. Management is still assessing the potential impact of adopting this standard.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management has not assessed yet the impact of adopting these Clarifications.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 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. The standard has not been yet endorsed by the EU. Management has not yet estimated the impact of this new standard on the financial statements.

- **IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IAS 7 Disclosure Initiative (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transaction(Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IFRIC 22 Interpretation: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation addresses transactions in foreign currency for which the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income. The Interpretation provides that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established by the entity for each payment or receipt. This Interpretation has not yet been endorsed by the EU. Management has assessed that this adoption will not have a significant impact on the financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **IASB has issued the Annual improvements to IFRSs – 2014-2016 Cycle**, which is a collection of amendments to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2017 in case of *IFRS 12 Disclosure of Interests in Other Entities* and beginning on or after 1 January 2018 in case of *IFRS 1 First-time Adoption of International Financial Reporting Standards* and in case of *IAS 28 Investments in Associates and Joint Ventures*. Early application is permitted in case of *IAS 28 Investments in Associates and Joint Ventures*. These annual improvements have not yet been endorsed by the EU. Management has assessed that the adoption of these standards will not have a significant impact on the financial statements.

5. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of the consolidated financial statements are detailed below:

a) Estimates and assumptions

The preparation of the IFRS financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related information, and the disclosure of contingent liabilities, at the end of the reporting period. Real results may be different from these estimates. These estimates are reviewed periodically and, where adjustments are required, they are reported in income statement in the periods when they occur.

Uncertainty about these assumptions and estimates could result in material adjustments in the future to the amounts disclosed on the financial statements.

The Company makes estimates concerning the capacity to cash in the invoices having overdue maturities and set provisions for that portion of the receivables for which the receipt becomes uncertain. Specific provisions are set for the clients against which legal procedures were opened, regardless of their age. For invoices older than one year, the Company sets provisions covering 100% of their value. For determining this percentage, the Company is analyzing the history of receipts and the current economic conditions. If recent information shows that it is necessary to adjust the provision, the Company will register an adjustment of it in the period when the conditions leading to the discounting of the provision were identified. Since the Company cannot foresee the changes in the clients' future financial stability, it is possible that, in the future, the setting of additional provisions will be necessary.

b) Shares in affiliates

The investments held in affiliates are disclosed on the Company separate financial statements at cost, minus potential impairment losses. The dividends receivable from the affiliates are recognized when the Company right to receive the payment is established. The impairment losses identified are recognized in profit and loss (Note 5f).

5. SUMMARY OF ACCOUNTING POLICIES (continued)

c) Tangible assets

Tangible assets are measured at cost, as adjusted for the effect of hyperinflation until 31 December 2003.

The initial cost of tangible assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to the statement of comprehensive income in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is charged on a straight-line basis, using the economic useful lives estimated by the management and considered to be representative from the perspective of the use Company using the future economic benefits generated by the assets. The subsequent improvement costs are capitalized and amortized over the remaining useful life of the asset. No depreciation is computed for land.

The estimated useful lives are as follows:

Category	Useful live (years)
Buildings and special constructions	20 – 60
Tools and machinery	5 – 15
Motor vehicles	4 – 6
Furniture	3 – 15

The estimated useful lives and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from tangible assets.

The Company management assesses on an annual basis whether there is an indication that the net value of assets may be impaired. If any indication exists, the Company estimates the asset's recoverable amount and, where appropriate, it records impairment expenses for the difference between the recoverable amount and the net book value.

Tangible assets are eliminated from the balance sheet when the asset is disposed or when no benefits are expected from its use. Gains or losses on the retirement/sale of non-current assets are recognized in the statement of comprehensive income.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

e) Intangible assets

Intangible assets are measured at cost and are amortized on a straight-line basis over 3 to 5 years.

f) Impairment of non-financial assets

According to IAS 36 *Impairment of Assets*, the value of the tangible, intangible and financial assets is assessed annually for identifying the circumstances indicating their impairment.

Whenever the net value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income for tangible and intangible assets.

The recoverable amount of an asset is the higher of the fair value less the costs generated by the asset's sale and the value in use.

The 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 and the value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amounts are estimated for individual assets, and when this is not possible, for cash flow generating units. The reversal of impairment losses recognized in prior years may only occur when there is an indication that the impairment loss previously recorded for that asset may no longer exist or may have decreased, the reversal is charged as income.

g) Financial assets

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, the Company's financial assets classified as: loans and receivables. The investments with fixed or determinable payments and fixed maturity, other than loans or receivables generated by the Company, are classified as held to maturity.

These financial assets are recognized initially at fair value plus the transaction costs directly attributable

Receivables and loans are the most relevant for the Company. Receivables and loans are non-derivative financial instruments with fixed determinable payments that are not quoted on an active market. After initial recognition, these financial assets are recognized at depreciated cost using the effective interest rate method. The depreciated cost is computed by taking into account any discount, premium or purchase costs that form the effective interest rate. The depreciation based on the effective interest rate is included in profit and loss under financial result. The losses resulted from depreciation are recognized in profit and loss under financial result, in case of loans, and under operating expenses, in case of receivables.

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective proof that, following one or several events that took place after the initial recognition of the financial asset, the estimated future cash flows of the investment were affected.

Objective proof of impairment could include:

- Significant financial difficulties of the issuer or partner; or
- Breaching the contract, such as the failure to comply with the financial obligations or deviations from the payments of interest or principal; or
- It becomes likely that the debtor will become insolvent or subject to financial reorganization; or
- The disappearance of an active market for the financial asset because of the financial difficulties.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed as individually impaired are, in addition, assessed for impairment collectively. The objective proof of an asset's impairment could include the Company's past experience in collecting payments, an increase in the portfolio's number of late payments above the average credit period, as well as the noticeable changes in the national or local economic conditions that are correlated with the failure to comply with the financial obligations related to receivables.

The carrying amount of the financial asset is decreased by impairment losses directly for all financial assets, except for trade receivables, where the book value is decreased by using an allowance for impairment account. Subsequent recoveries of values canceled previously are credited to the allowance for impairment account. Changes in the carrying amount of the allowance for impairment account are recognized in profit and loss.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset (either directly or under a "pass-through" arrangement).

The Company has no financial assets at fair value through profit and loss or financial assets available for sale.

h) Financial liabilities

In accordance with IAS 39 Financial Instruments: *Recognition and Measurement*, the Company's financial assets classified as: loans, trade and other payables.

These financial liabilities are recognized initially at fair value net of the transaction costs directly attributable and are subsequently measured at amortized cost or based on the effective interest rate method.

Gains and losses are charged to the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The financial liabilities are derecognized when the obligation is met or cancelled or expires.

The financial assets and liabilities are offset only when the Company has an enforceable legal right to offset and the intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

i) Operating lease

Rental payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

j) Foreign currency transactions

The functional and presentation currency: the financial statements of the Company are prepared in the currency of the economic environment in which it operates. The functional and presentation currency for the financial statements is the Romanian Leu ("RON").

5. SUMMARY OF ACCOUNTING POLICIES (continued)

Transactions arising in foreign currencies are translated into RON at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are re-measured in RON at the exchange rate prevailing at the balance sheet date. Foreign exchange gains or losses, either realized or unrealized, are charged to the statement of comprehensive income. The RON/USD and RON/EUR as at 31 December 2016 and 2015 are detailed below:

Currency	31 December 2016	31 December 2015
RON/EUR	4.5411	4.5245
RON/USD	4.3033	4.1477

k) Inventories

Inventories are valued at the lower of cost and net realizable value, using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, impairment is recorded for excess, obsolete or defective inventory.

l) Receivables

Receivables are initially carried at the fair value of the consideration receivable and subsequently measured at amortized cost, after allowance for impairment estimated based on factors relevant for their collectability. Evidence of impairment include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter in bankruptcy or other financial reorganization. Actual losses may differ from current estimates.

m) Cash and cash equivalents

Cash includes petty cash and bank accounts. Cash equivalents are highly liquid short-term investments that can be quickly transformed into a known amount, with original maturity of at most three months and have an insignificant risk of change in value.

n) Payables

Liabilities are initially carried at the fair value of the consideration payable and subsequently measured at amortized cost, and include amounts payable, whether or not invoiced, for goods, works and services.

o) Loans

The Company classified the loans in short and long-term loans, according to the maturity provided by the loan agreement.

The loans are initially carried at the amount of the drawings, net of transaction costs. Subsequently, they are reflected at amortized cost using the effective interest rate, the difference between the amount of the drawings and the amount reimbursable being carried in the net profit for the period, over the loan period. The transaction cost includes commissions and fees paid to agents, brokers or dealers.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

p) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

q) Employee benefits

Short-term benefits:

Short-term employee benefits include salaries and social security contributions. They are recognized as expenses as services are rendered.

Post-employment benefits – pension plan:

Both the Company and its employees have the obligation to pay monthly contributions (including social security contributions) to the National Pension Fund administered by the Social Insurance of the Romanian State and to private pension funds (starting 2008). Therefore, the Company has no legal obligation to pay future amounts, other than these contributions related to pensions. If the Company no longer employs new personnel who are members of the Social Insurance of the Romanian State, it will have no obligation to pay the benefits obtained by its employees in prior years. The Company contributions to the pension plan are charged to the statement of comprehensive income in the year to which they relate.

Compensation benefits – pension plan:

As provided by the Romanian Law, the Company makes compensation payments in cases of downsizing, whether or not related to reorganization. The expenses with these payments are recognized when the management decides to adopt a plan that will result in future compensation payments and, until the balance sheet date, it either starts to implement the restructuring plan or provided information about the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Company will carry out the restructuring.

r) Profit tax

The tax on the profit or loss for the year comprises the current tax and the deferred tax. Current tax assets and liabilities for the current and prior periods are carried at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax is computed according to the fiscal legislation in force in Romania and is based on the results reported on the statement of comprehensive income of the Company, prepared in accordance with the local accounting standards, following any adjustments for fiscal purposes. The current income tax is applied on the accounting profit adjusted according to the fiscal legislation in a rate 16% (2015: 16%). The fiscal losses may be carried forward for seven years.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

The deferred income tax reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the fiscal amounts used for current income tax purposes. The deferred income tax recoverable or payable is determined using the tax rate expected to be applicable in the year when the temporary differences will be recovered or settled. The assessment of the deferred tax payable or recoverable reflects the tax consequences that would result from the manner in which the Company expects to realize or settle the carrying amount of its assets and liabilities as at the balance sheet date.

The deferred tax liabilities are recognized regardless of the time when is probable to realize the temporary differences. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognized when it is probable that future taxable profit will be available against which the deferred tax can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

s) Value Added Tax (VAT)

The revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and liabilities are stated with the amount including VAT.

The net VAT amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) Revenue recognition

The revenue is recognized when it is probable that economic benefits related to the transaction will flow to the Company and the revenue can be reliably measured.

The sales, which exclude taxes and discounts, are recognized on delivery of the goods or the rendering of the services and when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on their delivery.

Interest income is recognized when the interest becomes due (using the effective interest rate, being the rate that equalizes the estimated future cash flows over the life of the financial instrument with the net carrying amount of the financial asset).

The revenues from dividends are recognized when the Company's right to receive the payment is established.

u) Fair value of financial instruments

The company is valuing the financial instruments at the fair value as the balance sheet date. Presentations related to the fair value of financial instruments are presented in Note 16. Fair value is the price the company would receive for the sale of an asset or for transferring a liability within a transaction between two market participants at the date of measuring. The fair value is determined based on the assumption that the transaction to sell the asset or transfer the liability takes place:

- On the main market of assets and liabilities, or
- In the absence of a main market, on the most advantageous market for that asset or liability

5. SUMMARY OF ACCOUNTING POLICIES (continued)

The fair value of an asset or of a liability is determined based on the assumptions the market participants would use, assuming that the market participants were acting to their best economic interests.

All assets and liabilities for which the fair value is determined or presented in the financial statements are included in the fair value hierarchy, presented below, based on the lowest input that is significant for determining the fair value:

- Level 1 — Unadjusted market prices for similar assets or liabilities
- Level 2 — Valuation techniques for which the lowest input value, significant for the fair value, is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest material input value is not observable

For assets and liabilities recognized in the financial statements at fair value based on a recurrent basis, the Company determines whether there were transfers between hierarchy categories by assessing the categorization at the end of each reporting period. In order to present the fair value, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities, as well as on the fair value hierarchy, as presented above.

v) Provisions

The provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and if it is probable (is more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at the end of each financial year as adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of the provisions is the discounted amount of the expenses necessary to settle the obligation.

w) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

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

x) Subsequent events

The events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

The events after the balance sheet date that provide additional information on the Company position at the balance sheet date are adjusting events after the balance sheet date.

The events after the balance sheet date that are indicative of the conditions that arose after the balance sheet date are non-adjusting events after the balance sheet date.

y) Affiliates

A party is considered an affiliate when, through ownership, by contract, family relations or otherwise, has the ability to control, directly or indirectly, or to have a significant influence over the other party.

Affiliates also include individuals such as the main owners, the management, and members of the Company's Board of Directors and members of their families.

6. SEGMENT REPORTING

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing. The Company has a single operating segment according to IFRS 8.

The sale detailing by value for the main categories of products is as follows:

Product category	2016	2015
Profiles	38,691,821	40,813,812
Accessories	14,944,843	14,771,038
Composite Aluminum panels	1,650,520	1,319,230
Polycarbonates	30,220	1,804
Photovoltaic systems	12,471	342,618
Systems for automation applications	617,185	714,525
Waste, services and other	1,980,397	1,404,175
Total	<u>57,927,457</u>	<u>59,367,202</u>

The value structure of the sales on the domestic and foreign market, respectively, is shown below:

Market	2016	2015
Domestic	54,804,245	56,058,449
Foreign	3,123,212	3,308,753
Total	<u>57,927,457</u>	<u>59,367,202</u>

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7. TANGIBLE ASSETS - NET

As at 31 December 2016 and 2015, the tangible assets – net, are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Land and buildings	28,219,028	29,041,426
Equipment and motor vehicles	8,151,527	9,121,308
Furniture	458,422	417,559
Advances and tangible assets in progress	201,750	15,688
Total tangible assets	<u>37,030,727</u>	<u>38,595,981</u>

The evolution of the tangible assets during the period 31 December 2015 to 31 December 2016 is shown below:

	<u>Land and buildings</u>	<u>Tools and motor vehicles</u>	<u>Furniture</u>	<u>Advances and tangible assets in progress</u>	<u>Total</u>
Cost					
01 January 2015	32,156,804	20,365,810	1,716,077	2,377,024	56,615,715
Additions 2015	-	609,648	89,225	1,400,388	2,099,261
Disposals 2015	-	(882,240)	-	-	(882,240)
Transfers 2015	2,589,957	1,171,767	-	(3,761,724)	-
31 December 2015	34,746,761	21,264,958	1,805,302	15,688	57,832,736
Additions 2016	329,227	187,600	143,812	188,199	848,838
Disposals 2016	-	(122,404)	-	-	(122,404)
Transfers 2016	2,137	-	-	(2,137)	-
31 December 2016	35,078,125	21,330,181	1,949,114	201,750	58,559,170
Accumulated depreciation					
01 January 2015	4,819,412	11,677,299	1,304,487	-	17,801,198
Expense for 2015	885,923	915,722	83,256	-	1,884,901
Accumulated depreciation related to disposals 2015	-	(449,344)	-	-	(449,344)
31 December 2015	5,705,335	12,143,677	1,387,743	-	19,236,755
Expense for 2016	1,153,762	1,157,380	102,949	-	2,414,091
Accumulated depreciation related to disposals 2016	-	(122,404)	-	-	(122,404)
31 December 2016	6,859,097	13,178,654	1,490,692	-	21,528,443
Remaining value					
31 December 2015	<u>29,041,426</u>	<u>9,121,308</u>	<u>417,559</u>	<u>15,688</u>	<u>38,595,981</u>
31 December 2016	<u>28,219,028</u>	<u>8,151,527</u>	<u>458,422</u>	<u>201,750</u>	<u>37,030,727</u>

As at 31 December 2016, the Company records no fixed assets based on financial lease contracts.

As at 31 December 2016 and 31 December 2015, the Company management verified whether indication that assets may be impaired exists and concluded no such indication, from external or internal sources, existed.

7. TANGIBLE ASSETS - NET (continued)

Borrowing costs capitalized

The Company signed in May 2011 the funding agreement with the Managing Authority within the Ministry of Economy, Trade and Business Environment, as part of the “Sectoral Operational Program Increasing Economic Competitiveness”. The project was implemented over 26 months and consisted in the building of the industrial hall and of the office area, and the purchase of state-of-the-art tools and equipment. The main equipment purchased under the project are: thermal break profile production line, wood-effect electrostatic painting, wood-effect horizontal electrostatic painting, treatment plant, lifting system for pallets, travelling cranes, automatic system for storage on shelves, etc.

The project was finalized in 2013, and the value of the investment, VAT excluded, as at 31 December 2013 was RON 20,085,466, out of which, non-reimbursable funding RON 5,963,721. The building was funded in part under a financing contract “Investment facility” signed in 2012 with Millennium Bank. Consequently, in 2015 and 2016, no interest was capitalized. The non-amortized value of the investment as at 31 December 2016 is RON 17,112,984 (31 December 2015: RON 18,053,091). Details on the pledged fixed assets are presented in Note 17. The net value of the non-current assets set as guarantees as of 31 December 2016 is of RON 16,770,963 (31 December 2015: 17,656,399).

The gross value of the fixed assets fully depreciated as of 31 December 2016 is of RON 16,188,361 (31 December 2015: RON 16,883,602).

8. INTANGIBLE ASSETS - NET

As at 31 December 2016 and 2015, the intangible assets include:

	31 December 2016	31 December 2015
Software	204,550	306,432
Advances and intangible assets in progress	-	3,016
Total intangibles	204,550	309,448

The software licenses used by the Company are Oracle Standard, Windows XP and Bitdefender.

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8. INTANGIBLE ASSETS – NET (continued)

The evolution of the intangible assets during the period is as follows:

	Software	Other intangible assets	Total
<u>Cost</u>			
01 January 2015	5,378,106	-	5,378,106
Additions 2015	299,418	3,016	302,434
Disposals 2015	-	-	-
Transfers 2015	-	-	-
31 December 2015	5,677,524	3,016	5,680,540
Additions 2016	-	-	-
Disposals 2016	-	-	-
Transfers 2016	3,016	(3,016)	-
31 December 2016	5,680,540	-	5,680,540
<u>Accumulated amortization</u>			
01 January 2015	5,364,709	-	5,364,709
Expense for 2015	6,383	-	6,383
Disposals 2015	-	-	-
31 December 2015	5,371,092	-	5,371,092
Expense for 2016	104,898	-	104,898
Disposals 2016	-	-	-
31 December 2016	5,475,990	-	5,475,990
<u>Remaining value</u>			
31 December 2014	306,432	3,016	309,448
31 December 2015	204,550	-	204,550

During the year, software was acquired: Alupo, Windows XP.

As at 31 December 2016 and 31 December 2015, no indication of impairment for intangible assets was identified.

9. SHARES IN AFFILIATES

	31 December 2015	31 December 2015
Shares in Alumil Extrusion SRL	82,500	82,500
Shares in Alumil EGE SA Turcia	1,114,721	152,165
Shares in Alumil MISR Egypt	2,947,320	-
Impairment adjustments	(82,500)	(82,500)
Total shares in affiliates	4,062,041	152,165

ALUMIL ROM INDUSTRY S.A. holds 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipestii de Padure, sat Ditestinr. 927, Prahova County, recorded with the Prahova Trade Registry Office under no. J29/866/1999 and Sole Registration Code no. 12402281, with share capital fully owned by ALUMIL ROM INDUSTRY S.A. in a total amount USD 50,000, the equivalent value of RON 82,500.

9. SHARES IN AFFILIATES (continued)

As a result of the losses recorded by ALUMIL EXTRUSION SRL, as determined on the financial statements approved according to the law, the adjustment for the impairment of the shares held by ALUMIL ROM INDUSTRY SA in ALUMIL EXTRUSION SRL was recorded. On 12 December 2016, the decision to dissolve the company was registered with the Trade Register Office attached to Prahova County.

In 2015, the Company has participated in the establishment of ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ ("ALUMIL EGE"), with the head office in Turkey, by a cash contribution of RON equivalent at subscription date of 538,890, the equivalent value of TRY 380,000. As of 31 December 2016, following the share capital increase, the Company has subscribed the amount RON 1,114,721, the equivalent value of TRY 760,000, representing 40% of ALUMIL EGE's shares. As at 31 December 2016, the net asset of ALUMİL EGE is RON 2,048,814, the equivalent of TRY 1,766,219 (2015: RON 752,372, the equivalent value of TRY 530,774). As part of the economic activity performed in 2016, the Company's turnover was of TRY 6,187,075, the equivalent of RON 7,177,007, obtaining net profit of TRY 24,728, the equivalent of RON 28,684.

In 2016, the Company participated in the establishment of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, with cash contribution in RON equivalent at subscription date amounting to RON 178,640, the equivalent of 400,000 Egyptian Lira, representing 40% of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC's shares. In November 2016, the first share capital increase was decided for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, up to the value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, out of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016 a second share capital increase was decided for the company ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore the Company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares having a nominal value of 1,000 Egyptian Lira each, the RON equivalent of RON 2,947,320. During the financial year 2016, the Company performed no commercial activities, the only transactions relating its establishment.

10. LONG-TERM RECEIVABLES

As at 31 December 2016 and 2015, the long-term receivables are as follows:

	31 December 2016	31 December 2015
Guarantees for rent	-	1,300
Other long-term receivables	6,412	6,412
Long-term receivables - total	6,412	7,712

As at 31 December 2016, the long-term receivables mainly comprise guarantees for the locations rented: RON nil (31 December 2015: RON 1,300) and other guarantees: RON 6,412 (31 December 2015: RON 6,412).

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11. INVENTORIES

	31 December 2016	31 December 2015
Raw materials and materials at cost and spare parts	2,666,244	2,226,148
Finished goods and merchandise at cost	9,608,270	9,370,101
Work in-progress	9,387	-
Impairment adjustments	(1,810,179)	(1,901,839)
Total inventories, net	<u>10,473,722</u>	<u>9,694,410</u>

The Company policy for inventory valuation provides that no provision is set for the inventories to be returned to the suppliers. For non-returnable items, provisions are set based on the accounting policy detailed in Note 5. The amount of the non-usable inventories is adjusted to the level of the recoverable value from aluminum waste. The amount of the inventories recognized as an expense during 2016 is RON 36,101,059 (2015: RON 41,939,964), being included in the statement of comprehensive income, in the cost of sales (and, as part of these, in the cost of inventory).

The Company set provisions for the impairment of merchandise inventories as follows:

	31 December 2016	31 December 2015
Balance as at 31 December	1,901,839	1,588,108
Provisions set during the year	35,765	398,673
Provisions reversed during the year	(127,425)	(84,942)
Balance as at 31 December	<u>1,810,179</u>	<u>1,901,839</u>

The amount of the provisions set or reversed is included in the statement of comprehensive income in the "cost of sales".

As of 31 December 2016, the value of inventories pledged as part of the short-term loan contracted by Banca Transilvania S.A. (Note 17) for a period of 1 year amounts to RON 10,473,722 (2015: RON 9,694,410).

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12. RECEIVABLES

As at 31 December 2016 and 2015, the receivables were as follows:

	31 December 2016	31 December 2015
Outstanding receivables from customers	11,194,757	17,196,411
Receivables outstanding, but for which no provision was set	2,285,802	1,179,895
Receivables outstanding, and for which provisions were set	9,564,020	9,206,231
Provisions	(9,564,020)	(9,206,231)
Total receivables	<u>13,480,559</u>	<u>18,376,307</u>

As at 31 December 2016 and 2015, the statement of the age of outstanding receivables for which no provision was set is as follows:

	31 December 2016	31 December 2015
Outstanding one to 60 days	481,473	202,593
Outstanding 61 to 180 days	494,325	411,809
Outstanding above 180 days	1,310,004	565,493
Total outstanding receivables	<u>2,285,802</u>	<u>1,179,895</u>

The Company trading policy allows client crediting for zero to 180 days and provides the setting of allowances based on the receivable age as at balance sheet date and on specific factors related to receivable collectability from certain customers. When determining the recoverability of a receivable, the Company analyzes the client creditworthiness, payment history and current economic conditions. When recent information show the discount of the allowances is needed, the Company will record its change in the period when the conditions triggering the allowance discount are identified. Because the Company cannot foresee the changes in the clients' future financial stability, there is a possibility that additional allowances are needed in the future.

The Company set allowances for the impairment of trade receivables as follows:

	31 December 2016	31 December 2015
Balance as at 31 December	9,206,231	8,345,684
Provisions set during the year	1,376,949	931,822
Provisions reversed during the year	(1,019,160)	(71,275)
Balance as at 31 December	<u>9,564,020</u>	<u>9,206,231</u>

The allowances reversed in 2016 include amounts reversed following the collection of receivables in an amount RON330.137 and RON 71,275 amounts reversed following the disposal of receivables in an amount RON 689,023. The amount of the allowances set or reversed, and of the receivables disposed, is included on the statement of comprehensive income on line "Sale and distribution expenses".

As at 31 December 2016, the amount of the receivables mortgaged as part of the short-term loan contracted from Banca Transilvania Bank (Note 17) for one year is RON 10,509,815 (2015: RON 13,091,424).

Details on the balances of receivables from affiliates are presented in Note 28.

13. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2016 and 2015, other receivables and prepayments are as follows:

	31 December 2016	31 December 2015
Taxes and duties paid in excess	156,828	175,158
Sundry debtors and cash advances and other amounts	123,140	130,283
Sundry debtors	711,180	718,557
Provisions for sundry debtors and other receivables	(733,972)	(723,843)
Advances paid to suppliers	63,465	60,443
Grants receivable	-	2,866,297
Prepayments	160,212	249,622
Other receivables	111,747	4,397
Total other receivables and prepayments	592,600	3,480,914

The details on the balances of the receivables with affiliates are presented in Note 28.

On 1 April 2014, the Company signed the Financing Contract SOP HRD/125/5.1/S/129742 having as objective to improve the capacity to occupy the unemployed on the long-term in the regions North-East, Center, North-West, South and Bucharest-Ilfov. The project was finalized in December 2015. The amounts as at 31 December 2015 are the equivalent value of the expenses incurred in 2015. These were collected in full in 2016.

The Company set provisions for the impairment of receivables related to sundry debtors as follows:

Balance as at 31 December 2015	723,843
Provisions set in 2016	11,754
Provisions reversed in 2016	(1,625)
Balance as at 31 December 2016	733,972

The amount of the provisions set and reversed is included on the statement of comprehensive income on line "Sale and distribution expenses".

14. CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 2015, the cash availabilities and cash equivalents consisted in the following:

	31 December 2016	31 December 2015
Bank accounts in RON	4,028,399	3,120,255
Bank accounts in foreign currency	411,680	380,501
Short-term deposits	8,036,395	9,194,883
Short-term cash collateral deposit	99,790	99,425
Petty cash in RON	11,871	51,140
Petty cash in foreign currency	-	-
Cash equivalents	-	-
Total cash and cash equivalents	12,588,135	12,846,204

14. CASH AND CASH EQUIVALENTS (continued)

The details regarding the restrictions on cash availability accounts are presented in Note 17.

The short-term deposits are time deposit for up to 30 days in RON and in foreign currency (RON 164,221 and EUR 1,733,539 as at 31 December 2016; RON 46,457 and EUR 2,021,975 as at 31 December 2015). The cash collateral deposit, in an amount EUR 21,975, was set-up on the issue of a letter of bank guarantee for the securing of the rental agreement for the area used for the Baneasa Showroom, with the maturity 27 March 2017.

15. SHARE CAPITAL

The shareholding structure as at 31 December 2016 and 31 December 2015 is as follows:

Shareholder	% of shareholding	No. of shares	Restated amount	Historical amount
AlumilMylonas S.A.	55.90%	17,470,150	5,778,760	3,493,750
SotiriouMichail	23.95%	7,485,150	2,475,873	1,496,875
Milonas George	0.02%	5,000	2,068	1,250
MilonaEvangelina	0.02%	5,000	2,068	1,250
Korda Despina	0.02%	5,000	2,068	1,250
Other	20.09%	6,279,700	2,076,839	1,255,625
Total share capital	100.00%	31,250,000	10,337,676	6,250,000

The shares of the Company have a nominal value RON 0.2/share. Starting April 2007, the Company shares are traded on the Bucharest Stock Exchange.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has liabilities and loans denominated in foreign currency. As a result, it may be affected by the changes in exchange rates and interest rates.

The significant risks are described below.

a) Interest rate risk

The interest rate risk is the risk that the interest rate will fluctuate in time. The Company has short- and long-term loans bearing floating interest rates, which exposes the Company to cash risks.

The table below shows the sensitivity of the interest rate variation with all the other variables held constant and an impact on the gross profit.

<u>2016</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	1%	(41,363)	(9,109)
EUR	(1)%	41,363	9,109
RON	1%	(106,837)	(23,527)
RON	(1)%	106,837	23,527

<u>2015</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	1%	(59,657)	(13,185)
EUR	(1)%	59,657	13,185
RON	1%	(50,099)	(11,073)
RON	(1)%	50,099	11,073

b) Foreign exchange risk

The functional currency of the Company is RON, while the loans and most of the trade liabilities are denominated in foreign currency (EUR). As a result, the Company may be affected by changes in exchange rates. The Company uses no derivative instruments to hedge the currency risk.

The table below shows the sensitivity of the exchange rate (EUR vs RON) variation with all the other variables held constant and an impact on the gross profit:

<u>2016</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	5%	200,184	44,083
EUR	(5)%	(200,184)	(44,083)

<u>2015</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	5%	(88,400)	(19,538)
EUR	(5)%	88,400	19,538

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The tables below detail the balances in foreign currencies and in the functional currency as at 31 December 2016 and an analysis of the sensitivity of the evolution in the exchange rate differences:

Assets	USD	EUR	RON
Monetary non-current assets:			
Shares held at affiliates	-	-	-
Long-term receivables	-	-	6,412
Monetary current assets:			
Customers and other receivables	87,517	223,707	12,680,670
Cash and cash equivalents	57,693	1,791,499	4,204,489
Total monetary assets	145,210	2,015,206	16,891,571

Liabilities	EUR	RON
Monetary long-term liabilities:		
Loans	148,035	7,683,633
Suppliers and other payables	-	5,705,058
Monetary short-term liabilities:		
Loans	762,824	2,833,408
Suppliers and other payables	360,301	5,146,264
Total monetary liabilities	1,271,160	21,368,363

Ratio	USD	EUR	RON
Net position, in the initial currency	145,210	744,046	(4,483,204)
Exchange rates	4,3033	4,5411	1
Net position, in the functional currency	624,883	3,378,788	(4,483,204)
Possible reasonable variation in exchange rates (+), %	5%	5%	0%
Effect on the comprehensive income, in the functional currency	31,244	168,939	-
Possible reasonable variation in exchange rates (-), %	-5%	-5%	0%
Effect on the comprehensive income, in the functional currency	(31,244)	(168,939)	-
Effect on the comprehensive income, in the functional currency, for each currency	USD	31,244	(31,244)
	EUR	168,939	(168,939)
	RON	-	-
	Total	200,184	(200,184)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Credit risk

The maximum exposure of the Company to the credit risk is reflected in the amount of the receivables from customers and of other current assets, net of the provisions for impairment recognized at the balance sheet date, as disclosed on the related Notes (12 and 13). In regard to the exposure to the financial institutions through the current accounts and bank deposits (Note 14), the Company closely monitors the financial condition of the banks where it holds bank accounts and, to the date of these financial statements approval, it did not identify any deterioration indicator for the financial condition of these banks.

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2015, the top ten clients accounted for 23.5% of the total sales, and this weight decreased in 2016 when the top ten customers accounted for approximately 20% of the total sales.

d) Liquidity risk

The liquidity risk results from the possibility of not collecting the receivables related to the Company under regular commercial terms, from potential issues in the recovery of long-term receivables, and from negative operating cash-flows. In order to control this risk, the Company periodically assesses the financial solvency of its clients.

The Company's policy is to maintain sufficient liquidity to cover the liabilities having reached maturity. The information on the Company liabilities as at 31 December 2016 and 2015 based on undiscounted future payments (including future interest) is shown below.

As at 31 December 2016

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below three months	2,593,787	2,476,823	1,949,178	916,160	7,935,949
Payments in a period of three to 12 months	230,368	-	-	2,748,480	2,978,848
Payments in a period of one to five years	-	-	-	9,076,135	9,076,135
Total	<u>2,824,155</u>	<u>2,476,823</u>	<u>1,949,178</u>	<u>12,740,776</u>	<u>19,990,932</u>

As at 31 December 2015

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below three months	4,853,440	2,782,337	7,695,286	387,809	15,718,872
Payments in a period of three to 12 months	1,720,017	-	-	1,163,427	2,883,444
Payments in a period of one to five years	-	-	-	3,570,066	3,570,066
Total	<u>6,573,457</u>	<u>2,782,337</u>	<u>7,695,286</u>	<u>5,121,302</u>	<u>22,172,382</u>

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

e) Fair value of financial instruments

The best estimate of the fair value is the market value on an active market. If the market for the financial instruments is not active, the Company determines the fair value by using valuation techniques. The valuation techniques include the use of transactions with knowledgeable affiliates, performed by agreement of the parties at arm's length, if possible, by reference to another similar instrument, the analysis of discounted cash-flows.

As at 31 December 2016 and 2015, the carrying amounts of the financial instruments approximated their fair values as at the same dates.

f) Equity management

Equity includes ordinary shares, equity attributable to the shareholders.

The main objective of the Company in terms of equity management is to ensure and maintain a favorable credit rating and performing equity ratios.

In terms of the indebtedness ratio, the Company aimed at not exceeding 50%.

	31 December 2016	31 December 2015
Total loans	14,653,342	10,975,521
Less: Cash and cash equivalents	(12,588,135)	(12,846,204)
Net liabilities/(assets)	2,065,207	(1,870,683)
Equity	51,297,919	53,819,980
TOTAL CAPITAL EMPLOYED	53,363,126	51,949,297
Indebtedness ratio	3.9%	- 3.6%

17. LOANS

Short-term loans

As at 31 December 2016, the company Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2016	Balance 31 December 2016
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2017	EURIBOR 3M + 5.5%	EUR	500,000	-	227,055
B. Transilvania	Short-term facilities	14.03.2014	09.03.2017	EURIBOR 3M + 3.2%	EUR	1,414,123	-	2,574,911
OTP Bank	Short-term facilities	13.03.2014	09.03.2016	ROBOR 3M + 2.6%	RON	3,000,000	-	-

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17. LOANS (continued)

The current portion of short-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2016	Balance 31 December 2016
OTP Bank		16.01.2012		EURIBOR 3M + 3.75 / ROBOR 3M + 3.25	EUR / RON	8,313,158	-	1,495,500
OTP Bank		17.05.2016		ROBOR 3M + 2.7	RON	9,000,000	-	2,000,000
Total							-	6,297,466

The short-term loan from Piraeus Bank is secured by a corporate guarantee from the parent company.

The Company has set in favor of Banca Transilvania Bank the following securities:

- a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- a security interest in personal property over the Company's accounts opened with Banca Transilvania Bank;
- a mortgage over all of the Company's present and future (trade) receivables;
- a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania Bank;
- a Corporate Guarantee issued by Alumil Industria Aluminiului SA, Greece;

The Company has set in favor of OTP the following securities:

- a first rank mortgage on the land located in Filipestii de Padure;
- a mortgage on the equipment located in the factory from Filipestii de Padure and the assignment of the insurance policy in favor of the Bank;
- a mortgage over the Company accounts opened with OTP Bank S.A., both current accounts, and deposit accounts;
- a security interest in personal property over the cash receivables paid based on the insurance policies concluded by the borrower in relation to this loan contract.

As at 31 December 2015, the Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2015	Balance 31 December 2015
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2016	EURIBOR 3M + 5.5%	EUR	500,000	-	1,696,687
VOLKSBANK	Short-term facilities	14.03.2014	11.03.2016	EURIBOR 3M + 3.2%	EUR	1,500,000	-	2,289,397
OTP Bank	Short-term facilities	13.03.2014	11.03.2016	ROBOR 3M + 2.6%	RON	7,000,000		2,509,635

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17. LOANS (continued)

The current portion of long-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2015	Balance 31 December 2015
OTP Bank		16.01.2012		EURIBOR 3M + 3.75 / ROBOR 3M + 3.25	EUR / RON	8,313,158	-	1,493,079
Total							-	7,988,798

Long-term loans

As at 31 December 2016

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2016	Balance 31 December 2016
OTP Bank	Investment facility	16.01.2012	27.12.2018	EURIBOR 3m + 3.75% / ROBOR 3m + 3.25%	EUR / RON	8,313,158	-	1,522,543
OTP Bank	TMfacility	17.05.2016	14.05.2021	ROBOR 3m + 3.25%	RON	9,000,000	-	6,833,333
Total								8,355,876

As at 31 December 2016, the balance of the long-term (investment) loan from OTP Bank is the RON equivalent of the amount EUR 293,835 and RON 1,683,707 (2015: EUR 583,325 and RON 3,333,628).

The current portion was disclosed under the section relating to short-term loans amounting to EUR 145,800 and RON 833,407 (2015: EUR 145,800 and RON 833,407).

The balance of the medium-term loan from OTP Bank is RON 8,833,333 (2015: RON nil), out of which, the current portion was disclosed under the section relating to short-term loans amounting to RON 2,000,000 (2015: RON nil).

The investment facility granted by OTP Bank is secured by:

- A security interest in personal property over the accounts opened with the Bank;
- A first rank security interest in real property over the real estate property consisting in land with a total area 50,003 sq. m. located inside the built-up area of Filipeștii de Pădure and the industrial hall having a total surface of 8,835 sq. m.;
- A security interest in personal property over the cash receivables paid based on the insurance policies concluded in relation to the loan contract;
- A corporate guarantee granted by the parent company.

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17. LOANS (continued)

As at 31 December 2015

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2015	Balance 31 December 2015
OTP Bank	Investment facility	16.01.2012	27.12.2018	EURIBOR 3M + 3.75% / ROBOR 3M + 3.25%	EUR / RON	8,313,158	-	2,986,723

18. INVESTMENT SUBSIDIES

The evolution of the investment subsidies as at 31 December 2016 and 2015 is shown below:

	2016	2015
As at 1 January	5,968,559	6,560,565
Subsidies recognized during the year	(30,740)	(224,463)
Depreciation in the profit and loss account during the year	(379,623)	(367,543)
Balance as at 31 December	5,558,196	5,968,559
Short-term portion	379,623	387,539
Long-term portion	5,178,573	5,581,020

The Subsidies recognized during the year line records the regularization of the amounts actually obtained for subsidies as compared to the amounts initially budgeted under the SOP HRD 129742 project.

Under the Financing Contract SOP IEC 154271/18.05.2011, the Company undertook the fulfillment of the indicators below:

Result indicators	Description	Determined reference value	Indicator value under the contract	
			Value	MU
Turnover increase compared to the 2013 balance sheet (%)		71,164,470	%	49%
Number of jobs created		N/A	No.	45
Number of jobs maintained (existing on the contract signing date)		166	No.	166
Increase in exports compared to the 2013 balance sheet (%)*		3,523,005	%	100 %

Under the above-mentioned Financing Contract, the Company is subject to a five year monitoring period starting the implementation finalization, i.e., 2018. At the end of the monitoring period, the failure to fulfill the above-mentioned indicators may entail the penalization by way of reimbursement of at most 15% of the financed amount (RON 6,535,005), according to the percent in which the criteria are failed.

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19. INCOME TAX

The current tax of the Company is determined based on the statutory income, adjusted with the non-deductible expenses and taxable revenues at a rate 16% for 2016 and 2015.

For 2016 and 2015, the income tax consists in:

	2016	2015
Current income tax charge	359,663	606,611
Deferred income tax expense /(credit)	(98,816)	(103,412)
Total income tax	260,847	503,199

The numerical reconciliation between the income tax expense and the result of the multiplication between the accounting result and the taxation percentage in effect is shown below:

	2016	2015
Result before tax – profit/(loss)	1,488,786	2,640,190
Income tax 16%	238,206	422,430
Effect of non-deductible expenses	22,641	80,769
Total income tax expense / (revenue)	260,847	503,199
Actual income tax rate	17.52%	19.06%

The significant components of the deferred income tax payable included on the financial statements, in a rate 16%, are as follows:

	2016		2015	
	Cumulated temporary differences	Deferred income tax asset/ (liability)	Cumulated temporary differences	Deferred income tax asset/ (liability)
Non-current assets	(7,918,697)	(1,266,991)	(7,912,648)	(1,266,024)
Provisions for receivables	7,000,814	1,120,130	6,377,162	1,020,346
Total	(917,883)	(146,861)	(1,535,486)	(245,678)

The changes in deferred tax have been as follows:

	Deferred income tax - effect on the statement of financial position		Deferred income tax - effect on the statement of comprehensive income	
	2016	2015	2016	2015
Non-current assets	(1,266,991)	(1,266,024)	(968)	17,783
Provisions for receivables	1,120,130	1,020,346	99,784	85,629
Total	(146,861)	(245,678)	98,816	103,412

20. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables as at 31 December 2016 and 31 December 2015 are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Suppliers	1,921,119	2,327,867
Advance payments from clients	1,048,510	275,004
Salaries	289,819	222,340
Taxes and duties on salaries	265,886	232,130
VAT payable	475,533	837,559
Dividends payable	677,801	674,367
Payables to affiliates	1,949,178	7,695,286
Other employee payables	135,087	-
Other	108	108
Total suppliers and other payables	<u>6,763,041</u>	<u>12,264,661</u>

The details on the balances of the payables to affiliates are presented in Note 28.

21. OPERATING INCOME

Operating income for the years ended 31 December 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Sale revenues	58,294,937	59,597,020
Commercial discounts granted	(367,480)	(229,818)
Total sale revenues	57,927,457	59,367,202
Other operating income	894,140	4,968,842
Total operating income	<u>58,821,597</u>	<u>64,336,044</u>

Other operating income consists of:

	<u>2016</u>	<u>2015</u>
Subsidies received	623,254	4,875,685
Others	270,886	93,157
Total other operating income	<u>894,140</u>	<u>4,968,842</u>

As detailed in Note 16 c), the Company has no client accounting for more than 10% of the sales or outstanding as at 31 December 2016 and 31 December 2015.

21. OPERATING INCOME (continued)

Operating income from subsidies received represent the financing transferred to income for the expenses made in 2016 and the financing reversed to income during the life of the equivalent value of the financing received under the financing contracts, as follows:

	<u>2016</u>	<u>2015</u>
Income from reversing investment subsidies		
Financing under SOP HRD 125/5.1/S/129742	56,085	40,347
Financing under SOP IEC 154271/18.05.2011	308,718	308,718
Financing under SOP HRD /106/5.1/G/76086	14,907	18,478
Income for financing expenses under SOP HRD 125/5.1/S/129742	243,544	4,508,142
Total operating income	<u>623,254</u>	<u>4,875,685</u>

Details on the subsidies to be received are presented in Note 13.

22. COST OF SALES

The cost of sales for the years ended as of 31 December 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Cost of inventories	36,101,059	52,343,073
Wages	1,337,126	1,054,658
Salary contributions	314,081	296,036
Amortization	1,164,374	1,406,447
Utilities	382,686	415,599
Other expenses included in the cost of sales	537,556	633,112
Total cost of sales	<u>39,836,882</u>	<u>41,939,964</u>

In 2016, Other expenses included in the cost of sales comprise the management, insurance, security expenses, expenses with taxes and the expenses with the consumables related to the production activity of Filipestii de Padure.

23. SALE AND DISTRIBUTION EXPENSES

For 2016 and 2015, the sale and distribution expenses consisted in:

	<u>2016</u>	<u>2015</u>
Wages	4,615,852	3,792,800
Salary contributions	1,084,804	899,757
Amortization	1,202,137	860,835
Rental fees	907,585	778,077
Advertising costs	177,103	108,232
Insurances	73,019	62,534
Other taxes and charges	511,819	321,233
Transport costs	588,799	674,728
Utilities	249,724	267,209
Other sale and distribution expenses	3,498,581	2,875,254
Total sale and distribution expenses	<u>12,909,423</u>	<u>10,640,659</u>

In 2016, sale and distribution expenses included the management, security expenses, expenses with consumables, and the provisions for clients and sundry debtors set in 2016 amounting to RON 1,376,949 (2015: RON 931,822). Details regarding the provisions for clients and sundry debtors are disclosed in Note 12.

24. ADMINISTRATIVE EXPENSES

For 2016 and 2015, administrative expenses consisted in:

	<u>2016</u>	<u>2015</u>
Amortization	152,478	120,476
Wages	1,511,734	2,574,516
Salary contributions	352,629	603,790
Other third party suppliers	835,520	1,175,799
Rental fees	24,069	89,835
Insurances	11,476	18,137
Taxes and charges	311,759	327,028
Utilities	61,417	72,868
Other administrative expenses	1,043,395	3,718,412
Total administrative expenses	<u>4,304,476</u>	<u>8,700,861</u>

Other administrative expenses include management, audit, security expenses and expenses with promotional materials related to the Company operations.

In 2015, Other third party suppliers and Others include management, audit expenses and expenses with the consumables related to the implementation of the SOP HRD project 125/5.1/S/129742.

25. SALARY EXPENSES

For 2016 and 2015, the salary expenses consisted in:

	<u>2016</u>	<u>2015</u>
Gross salaries related to the year	7,464,712	7,740,263
Social security expenses	1,298,278	1,346,285
Health insurance expenses	388,165	402,443
Unemployment fund contribution expenses	32,207	36,797
Other contributions	32,864	34,152
Total salary expenses	<u>9,216,226</u>	<u>9,559,940</u>

26. EMPLOYEES, ADMINISTRATORS AND DIRECTORS

As of 31 December 2016 and 31 December 2015, the employees' structure is as follows:

	<u>2016</u>	<u>2015</u>
Production	51	51
Sales & marketing	109	111
Administrative personnel	19	27
Total employees	<u>179</u>	<u>189</u>

Details on the members of the Board of Directors and the executive directors are presented in Note 28.

The Company has no payables to administrators or directors in the analyzed period. There were no advance payments or loans granted to administrators or directors.

27. DECLARED DIVIDENDS

	<u>2016</u>	<u>2015</u>
Dividends declared during the year	<u>3,750,000</u>	<u>-</u>

In the SGM of 21 April 2016, the distribution of dividends from the profit of 2015 and the retained earnings amounting to RON 3,750,000 were approved.

The Board of Administration's proposal for the appropriation of the profit for 2016 is to be subject to the approval of the SGM of 25 April 2017.

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28. AFFILIATES

a) The main affiliates and a short description of their activity and of the major transactions with the Company during the years 2015 and 2016 are presented in the table below:

Entity name	Nature of the operations with the Company	Country of origin
Alumil Extrusion SRL	Subsidiary of the Company – Alumil Rom Industry (100%)	Romania
Alumil EGE SA	Associate of the Company – Alumil Rom Industry (40%)	Turkey
Alumil MISR for Aluminium and Accesories Industry SA	Associate of the Company – Alumil Rom Industry (40%)	Egypt
Alumil Aluminium Industry SA	The parent-entity and the main provider of semi-manufactured goods	Greece
Alumil Industry SRL	Subsidiary of the parent- entity, AlumilMylonas (70%)	Moldova
Alumil Bulgaria Ltd.	Subsidiary of the parent- entity.AlumilMylonas (99.87%)	Bulgaria
G.A. Plastics	Subsidiary of the parent- entity.AlumilMylonas (50%)	Greece
AlproVlasenica AD.	Subsidiary of the parent- entity.AlumilMylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent- entity.AlumilMylonas (98.5%)	Serbia
Alumil Albania SA	Subsidiary of the parent- entity.AlumilMylonas (99.27%)	Albania
Metron Automations S.A.	Subsidiary of the parent - 66%	Greece
AlumilPolska SRL	Subsidiary of the parent - 99.66%	Poland

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28. AFFILIATES (continued)

Receivables from affiliates are the following:

	31 December 2016	31 December 2015
Clients		
Alumil Industry (Chisinau)	629,572	563,929
AlumilAluminium Industry (Greece)	246,632	1,486,954
Alumil Extrusion (Romania)	2,229,933	1,908,291
Alumil Bulgaria Ltd.	-	564
Alumil EGE SA Turkey	149,034	145,249
Alumil YU Serbia	2	-
Total	<u>3,255,173</u>	<u>4,104,987</u>

On 21 November 2016, in capacity of sole shareholder, the Company decided to dissolve and liquidate the company Alumil Extrusion SRL. Therefore, as at 31 December 2016, the Company set a provision in an amount RON 1,020,000. The provision was set at the uncovered amount of the receivables remaining after the selling of the Alumil Extrusion SRL assets.

Payables to affiliates are the following:

	31 December 2016	31 December 2015
AlumilAluminium Industry (Greece)	836,827	7,294,700
AlproVlasenica AD	983,564	143,877
Alumil Extrusion (Romania)	128,786	256,709
Total	<u>1,949,177</u>	<u>7,695,286</u>

The Company had the following transactions with affiliates:

	2016			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
AlumilAluminium Industry (Greece)	446,533	30,629,478	-	1,222,867
Alumil Industry (Chisinau)	439,354	-	-	-
Alumil Bulgaria Ltd.	16,614	-	-	-
BMP Hellas SA	-	877,869	-	-
Alumil EGE Turkey	51,173	-	-	-
Alumil YU Serbia	1,119,660	-	-	-
Alumil Extrusion	268,036	844,472	-	-
	<u>2,341,370</u>	<u>32,351,819</u>	<u>-</u>	<u>1,222,867</u>

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28. AFFILIATES (continued)

	2015			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
AlumilAluminium Industry (Greece)	2,132,793	31,331,783	59,212	297,918
Alumil Industry (Chisinau)	722,449	-	-	-
Alumil Bulgaria Ltd.	566			
Alumil Albania SA	18,405			
BMP Hellas SA	-	739,926	-	-
Alumil Extrusion	379,720	583,042	-	-
	3,253,933	32,654,751	59,212	297,918

b) The current members of the Company's Board of Administration are the following:

No.	Name	Position	Date of appointment	Date of mandate expiry
		President of the Board of Directors/CEO		
1.	MichailSotiriou		28.04.2014	27.04.2018
2.	EvangeliaMylona	Vice President of the Board	28.04.2014	27.04.2018
3.	Konstantinos Akrivopoulos	Board member	28.04.2014	27.04.2018
4.	Dimitris Koutsoupas	Board member	28.04.2014	27.04.2018
5.	Georgios Doukidis	Board member	28.04.2014	27.04.2018

Mrs.EvangeliaMylona is the sister of Mr. Georgios Mylonas, President of the parent entity's Board of Administration AlumilMilonasIndustriaAluminiului SA Greece.

Administrators' investments in the parent entity's capital are the following:

No.	Name	Position	No. of shares held	% prior to IPO	% after IPO
1.	MichailSotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	EvangeliaMylona	Vice President of the Board	5,000	0.02%	0.02%
3.	Konstantinos Akrivopoulos	Board member	-	-	-
4.	Dimitris Koutsoupas	Board member	-	-	-
5.	Georgios Doukidis	Board member	-	-	-

c) The performance of the daily operations of Alumil Rom Industry S.A. is entrusted to the following directors:

- RacareanuMariean – Commercial Director
- Balasca Ciprian – CFO
- Ionita Marius – Development Manager

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28. AFFILIATES (continued)

The executive management's participation in the Company's capital as of 31 December 2016 is the following:

No.	Name	Position	No. of shares held
1.	Mariean Racareanu	Commercial Director	1,000
2.	Ciprian Balasca	CFO	1,000
3.	Marius Ionita	Operations Manager	600

In 2016, the expense with the remuneration of the executive management and of the directors amounted to RON 1,184,036 (2015: RON 1,278,934).

d) The conditions and terms of transactions with affiliates:

Overdue balances are not secured, non-interest bearing and discounts take place in cash. No guarantees were set and no guarantees were received for the receivables or payables from/to affiliates.

29. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS

The Company did not set any provisions as of 31 December 2016 and 2015.

The Romanian tax system is in process of consolidation and harmonization with the European legislation and different interpretations may exist by authorities concerning the tax legislation, which may generate additional taxes, charges and penalties. If the state authorities discover breaches of the Romanian legal provisions, these may lead, as applicable, to the confiscation of the amounts in case, imposing additional tax obligations, applying fines, applying late payment penalties (applied to the amounts actually payable). Consequently, the tax sanctions resulted from breaches of the legal provisions can be significant amounts payable to the State.

The Company considers it has registered and presented in the financial statements all its tax obligations. In Romania, the tax position is open to further verification for 5 years.

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness. The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility. The project, implemented in Filipestii de Padure, sat Minierinr. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Following completion of this project, the Company has the obligation to report the fulfillment of the result indicators over the sustainability period ensuring that all indicators are fulfilled on completion, otherwise the Managing Authority may request a reduction of the co-financing by at most 15% on a pro-rata with the non-fulfillment percentage for these indicators, except for reasonably justified cases.

The Company estimates the full fulfillment of the indicators until the end of the sustainability period.

The Company does not have any commitments concerning tangible and intangible assets as of 31 December 2016 and 31 December 2015.

The Company is a part of operating lease agreements for cars, on one to four year periods.

29. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS (continued)

The minimum payments under the operating lease agreements are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Below one year	428,094	428,094
One to five years	632,650	1,060,744
Total	<u>1,060,744</u>	<u>1,488,838</u>

The Company is a party to rent agreements for commercial areas, signed for one to three year periods. The Company has the option, according to certain agreements, to extend the rent agreement by another year.

The minimum payments according to rent agreements for commercial areas are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Below one year	798,804	813,122
One to five years	50,227	849,031
Total	<u>849,031</u>	<u>1,662,153</u>

30. SUBSEQUENT EVENTS

In March 2017, the Company has signed the addendum for extending the short-term loan from OTP Bank, for a period of 1 year, for the amount of RON 3,000,000, in order to fund the current activity (Interest: ROBOR 3 M + 2.6%).

The loan reimbursement is guaranteed by the Company, as follows:

- a) a first degree mortgage over the land from Filipestii de Padure and the assignment of the insurance policy;
- b) a mortgage over the equipment located in the factory from Filipestii de Padure and the insurance policy in the Bank's favor;
- c) a mortgage over the Company's accounts opened with Millennium S.A. Bank, both current accounts and deposit accounts;
- d) a security interest in personal property over the monetary receivables paid for on the grounds of all the insurance policies concluded by the debtor in relation to the present loan contract.

In March 2017, the Company signed the addendum for extending the short-term loan with Banca Transilvania S.A., for a period of 1 year, for the amount of EUR 2,000,000 for working capital and letter of guarantee issue cap in order to fund the current activity (EURIBOR 3 M + 3.2%/ROBOR 3 M + 2.65%).

30. SUBSEQUENT EVENTS (continued)

The loan reimbursement is guaranteed by the Company, as follows:

- a) a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- b) a security interest in personal property over the Company's accounts opened with Banca Transilvania S.A.;
- c) mortgage over all of the Company's present and future (trade) receivables;
- d) a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania S.A.;
- e) Corporate Guarantee issued by Alumil Industria Aluminiului SA, Greece, in a layout accepted by the Bank

These financial statements together with the explanatory notes were approved by the Board of Administration and signed on its behalf on 22 March 2017.

Michail Sotiriou
CEO

Ciprian Balasca
CFO

ALUMIL ROM INDUSTRY S.A.

CONSOLIDATED FINANCIAL STATEMENTS

**Prepared in accordance with
The International Financial Reporting Standards**

31 DECEMBER 2016

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**CONSOLIDATED ANNUAL REPORT
OF THE ADMINISTRATOR
REGARDING THE FINANCIAL YEAR 2016**

Name of issuer: ALUMIL ROM INDUSTRY S.A.
Registered office: Bucharest, Calea Rahovei nr. 286 A, sector 5
Telephone number: 021 424 34 56, fax: 021 423 39 32
Sole Registration Code with the Trade Registry Office: RO10042631
Trade Register number: J40/8540/1997
Share capital called up and paid in: RON 6,250,000.

Legal framework for the preparation of the consolidated annual financial statements

S.C. ALUMIL ROM INDUSTRY S.A., with the registered office in Bucharest, Calea Rahovei nr. 268A sector 5, is a joint-stock company operating in accordance with the provisions of the Company Law 31/1991, as republished with subsequent amendments.

The share capital of the Company is a private capital in full.

The Group companies are keeping their accounting records in accordance with the accounting principles and practices determined by the Romanian Government through the Romanian Accounting Law. Starting with 2012, the Parent entity is preparing annual separate financial statements compliant with the International Financial Reporting Standards as approved by the MPFO no. 2844/2016, as subsequently amended and supplemented. The consolidated financial statements include for the subsidiary certain adjustments and reclassifications that are not included in the statutory financial statements, for them to be presented according to the provisions of the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"), in force as of 31 December 2015, as endorsed by the European Union.

The consolidated financial standards present comparative information concerning the prior periods. In addition, the Group includes an additional column of the Consolidated Statement of Financial Position at the beginning of the most recent column presented if there is a retroactive application of the accounting policies' amendment, a retrospective restatement or retrospective classification of a financial statements item.

Presentation of the entities included in consolidation

1. Analysis of the company activity

1.1 Description of the company's main activity

a) Company presentation

ALUMIL ROM INDUSTRY S.A. is a subsidiary of the company **ALUMIL ALUMINIUM INDUSTRY S.A. Greece**, an industrial group at European level operating in the Aluminum extrusion industry.

ALUMIL ALUMINIUM INDUSTRY S.A. is one of the European leaders in Aluminum extrusion, owning production sites with state-of-the-art technologies, being one of the top factories of Aluminum profiles for constructions, covering all types of applications known in this field.

b) Company establishment. History

ALUMIL ROM INDUSTRY S.A. was established and recorded with the Trade Registry attached to the Bucharest Court on 29 October 1997 under no. J/40/8540/1997, Sole Registration Code 10042631, fiscal attribute R, under the name MS METAL COM S.R.L as a limited liability company, a Romanian legal person, on an unlimited operating period, established and operating in accordance with Company Law. In December 1997, Mr. Michail Sotiriou assigned all his shares held in S.C. MS METAL COM S.R.L to a Greek company, ALUMIL ALUMINIUM INDUSTRY S.A. GREECE.

Also in December 1997, the Company name was changed to ALUMIL ROM INDUSTRY S.R.L. The Company's registered office is in Bucharest, Calea Rahovei nr. 286 A, sector 5. As at 31 January 2006 Alumil Rom Industry S.R.L. changed its legal form from a limited liability company into a joint-stock company, with the name S.C. ALUMIL ROM INDUSTRY S.A.

c) Company subsidiaries

ALUMIL ROM INDUSTRY S.A. holds 100% of the share capital of ALUMIL EXTRUSION S.R.L. with the registered office in Filipestii de Padure, sat Ditesti nr. 927, Prahova County, recorded with the Prahova Trade Registry Office under no. J29/866/1999 and Sole Registration Code no. 12402281, with share capital owned by ALUMIL ROM INDUSTRY S.A. in a total amount USD 50,000, the equivalent value of RON 82,500.

ALUMIL EXTRUSION S.R.L. was established and recorded with the Trade Registry attached to the Bucharest Court on 9 November 1999 under no. J29/866/1999, Sole Registration Code 12402281, fiscal attribute R, under the name S.C. ALUMIL EXTRUSION S.R.L as a limited liability company, a Romanian legal person, on an unlimited operating period, established and operating in accordance with Company Law. The company was established in November 1999 by Mr. Michail Sotiriou, as the sole shareholder. The share capital of the company at the establishment date was RON 82,500, the equivalent of USD 50,000, divided into 1,000 indivisible nominal shares with a value RON 82.50 each. On 4 October 2001, Mr. Michail Sotiriou assigned 70% of the shares held in S.C. ALUMIL EXTRUSION S.R.L to the company ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE; following this assignment, the structure of the share capital was as follows: 300 shares held by Mr. Michail Sotiriou, representing 30% of the share capital, the equivalent value of RON 24,750, and 700 shares held by the Greek company ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE, representing 70% of the share capital, the equivalent value of RON 57,750. In October 2005, both Mr. Michail Sotiriou and ALUMIL MILONAS – ALUMINIUM INDUSTRY S.A. GREECE, assigned all the shares held in S.C. ALUMIL EXTRUSION S.R.L. to the company ALUMIL ROM INDUSTRY S.R.L., on 26 October 2005 this company becoming the sole shareholder of ALUMIL EXTRUSION S.R.L., and the share capital was RON 82,500, the equivalent value of USD 50,000, consisting in 1000 shares with a nominal value RON 82.50 each.

1. Analysis of the company activity (continued)

ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, having head office in Turkey, Fatih Mah., 1188 Sokak, No.13/B Gaziemir /İZMİR, was established and registered in Turkey with the Gaziemir Tax Office on 16 September 2015 under number 0680907038 and with the Izmir Chamber of Commerce under number: 183607 as a joint stock company, Turkish legal entity, having an unlimited operation duration and operating according to the Turkish Commercial Code. The company was established by SC ALUMIL ROM INDUSTRY SA, as sole shareholder. The company's share capital at the date of establishment was of 50,000 Turkish Lira, divided into 50 shares of 1,000 Turkish Lira each. On 16 November 2015, SC ALUMIL ROM INDUSTRY SA has assigned 60% of the shares in ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET S.A., to the company ALUMIL INTERNATIONAL AG Switzerland, the shareholding structure following the assignment is as follows: 20 shares SC ALUMIL ROM INDUSTRY SA namely 40% of the share capital, the equivalent of 20,000 Turkish Lira and 30 shares the ALUMIL INTERNATIONAL AG Switzerland company, namely 60% of the share capital, the equivalent of 30,000 Turkish Lira.

In December 2015, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 950,000 Turkish Lira, representing 950 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 380 shares at the nominal value of 1,000 Turkish Lira each. In April 2016, the share capital increase was decided for ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 1,900,000 Turkish Lira, representing 1,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 760 shares having a nominal value of 1,000 Turkish Lira each.

ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, was established and registered in Egypt on 20 March 2016, according to the joint-stock company set up certificate number 1375/20.03.2016 issued by the General Investment and Free Area Authority as a joint stock company for a duration of 25 years. The Company's issued capital at the set up date was of 1,000,000 Egyptian Lira, divided into 1000 shares of 1,000 Egyptian Lira each. The share capital structure at the set up date is the following: Alumil International AG Switzerland 59%, Alumil Rom Industry SA Romania 40% and Alumil MISR for Trading Egypt 1%. In November 2016, the first share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, to the total value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016, a new share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore, the company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares at the nominal value of 1,000 Egyptian Lira each

d) Main activities

Alumil Rom Industry SA manufactures and trades a large range of Aluminum profiles systems (sliding, opening and partitioning systems) and accessories related to these systems, machine tools and specific tools used for aluminum joinery, interior doors and decorative Aluminum panels. The main activities of Alumil Rom Industry SA are the production of aluminum profiles, more specifically, processing of profiles through the provision of thermal breaks and electrostatic painting, as well as the trade of a large range of profiles, accessories, composite panels (J-Bond), and polycarbonate films.

Processing activity

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness ". The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility.

1. Analysis of the company activity (continued)

The project, implemented in Filipestii de Padure, sat Minieri nr. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Therefore, S.C. ALUMIL ROM INDUSTRY S.A. has put into operation new modern equipment for:

- horizontal painting with two automatic painting booths capable of painting Aluminum profiles in all RAL colors. ALUMIL ROM INDUSTRY S.A. paints about 1,450 kinds of Aluminum profiles in about 200 RAL colors;
- wood-effect painting with a technology based on a pre-printed film for decorating profiles, Aluminum panels and Aluminum accessories, using the sublimation method;
- thermal break production with a capacity of 150 profiles /hour

The installation also includes equipment for applying self-adhesive tape on Aluminum profiles in order to protect painted surfaces.

A small part of the production process is represented by the bending of profiles, an operation carried out only on client request.

The processing (painting) line is composed of:

- Chemical treatment line (baths) for filiform corrosion resistance with a waste water treatment plant;
- Frame preparation line;
- Electrostatic painting installation;
- Polymerization oven;
- Wood-effect painting installation;
- Thermal break production line;
- Profile assembly line.

The production and storage facilities are equipped with:

- fresh water installation and demineralized and fresh water tanks;
- deionized water installation;
- treatment plant (reduction-oxidation, neutralization, flocculation, settling, press filter);
- own wastewater and rainwater sewer network;
- own central heating plant (fuel: natural gas);
- air compressors;
- water supply installation;
- transformer station 10 /0.4 KV.

Moreover, the production area is equipped with a workshop for Aluminum cutting-off machine-tool, electronic platform scales - 2000 kg, portable metal analyzer (METALSCAN) and forklift.

ALUMIL EXTRUSION S.R.L., a subsidiary of ALUMIL ROM INDUSTRY S.A., has its registered office in Filipestii de Padure and performs both profile processing activities such as thermal break application, and trading and distribution activities for Aluminum profiles and accessories. The processing activity is performed with a thermal break profile assembly installation and a production line for Aluminum accessories.

1. Analysis of the company activity (continued)

e) Products

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing.

The main product categories of Alumil Rom Industry are:

- Aluminum profiles
- Accessories for Aluminum profiles
- J-Bond / Outdoor decorative panels
- Polycarbonates
- PVC profiles
- Geze automatic systems
- Interno interior doors.

The Aluminum profiles are grouped in the following categories of systems:

I. Opening window systems

- a) Without thermal break (3, 4, 5, 6 compartments): M940 Mini, M9300 Perfect, M9400 Softline, M15000 Prestige
- b) With thermal break: M9650 Alutherm Light, M11000 Alutherm Plus, M11500 Alutherm Super Plus, M11600 Alutherm Extra, M20000 Apollo Alutherm, M23000 Forestal

II. Sliding window systems

- a) Sliding windows without thermal break: M900 Aero, M9000 Slide, M12000 Premier, M14000 DeLuxe, M14500 DeLuxe Light
- b) Sliding windows with thermal break: S200 Exclusive Alutherm, S300 DeLuxe Alutherm, M300 Falcon Alutherm, S400 Premier Alutherm.

III. Curtain wall systems

The series M1 Solar Standard, M2 Solar Linear, M3(T) Solar Semistructural, M4(T) Solar Structural, M5 Solar ECO, M6 Solar Standard Plus, M50 Solar Standard Light

IV. Special systems

The special systems are mainly systems for interior partitioning (P100 Office), sun protection (M5600 Solar Protection), skylights (Skylight M9850, M10800 Skylight Alutherm) and systems for protection against insects.

f) Quality management and certifications

The Company imports unpainted Aluminum profiles from the parent company in Greece. Alumil Aluminium Greece holds all the certificates necessary for a modern plant concerning the Management of production processes and of the quality, environmental and occupational health and safety.

For the activities carried out in Romania, **ALUMIL ROM INDUSTRY** has implemented and is maintaining a quality management system, according to the requirements of SR EN ISO 9001:2008, an environmental management system, according to the requirements of SR EN ISO 14001: 2005 and an occupational health and safety management system, according to the requirements of SR OHSAS 18001. The certification of the quality, environment and occupational health and safety management systems was performed by audits of the certification body SRAC CERT, Romanian certification body with the largest recognition of the brand and of the certificates as a result of the partnership with IQ Net (The International Certification Network) and of the accreditation by **RENAR** – body having signed the EA-MLA (European agreement on recognizing certification).

Ever since 2005, Alumil Rom Industry also holds a license to use the labels of **GSB “Approved Coated Aluminium”**, body for the certification of aluminum profile painting, certificate renewed under number 087 of 15.06.2015 valid through 31.07.2019.

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1. Analysis of the company activity (continued)

In 2008, Alumil Rom Industry has also obtained the license to use the **QUALICOAT** labels, certificate that is renewed every year, being issued by the Aluminum Association of Greece Certification Committee, also a painting and production processes certification body.

Having obtained the GSB and QUALICOT licenses proves that ALUMIL ROM INDUSTRY meets the requirements for carrying out the production processes and it has the necessary equipment, the coverage materials required through specifications and regulations obtaining finished products of an adequate quality. All the requirements in the two GSB and QUALICOAT specifications must be met for a quality label to be granted and maintained.

1.1.1 General evaluation items for 2016

	Consolidated ratios	MU	2016	2015
a)	Net profit	RON	2,346,776	2,036,308
b)	Turnover	RON	57,669,666	59,071,501
c)	Cash and cash equivalents	RON	12,877,561	13,124,442

1.1.2 Storage capacity

ALUMIL ROM INDUSTRY S.A. has a storage total area of 42,000 square meters. The statement of the Company of the storage capacities is shown below:

	Location	Surface (sq. m.)	Surface of land (sq. m.)	Total (sq. m.)	Type
1	Alba Iulia	767	-	767	Rented
2	Bacau	268	23	245	Rented
3	Baia Mare	390	-	390	Rented
4	Bistrita	500	-	500	Rented
5	Brasov	990	642	1,632	Owned
6	Bucharest	11,655	10,630	22,285	Owned
7	Cluj	2,103	1,915	4,018	Owned
8	Constanta	309	-	309	Rented
9	Craiova	200	-	200	Rented
10	Focsani	500	-	500	Rented
11	Galati	620	122	742	Owned
12	Iasi	349	-	349	Rented
13	Pitesti	320	-	320	Rented
14	Ploiesti	330	-	330	Rented
15	Sibiu	408	-	408	Rented
16	Slatina	500	-	500	Rented
17	Tg Mures	460	-	460	Rented
18	Timisoara	1,296	6,899	8,195	Owned
19	Filipestii de Padure	8,135	41,868	50,003	Owned
20	Filipestii de Padure	9,262	9,840	19,102	Owned
21	Filipestii de Padure	3,081	8,915	11,996	Owned
	TOTAL	42,443	80,854	123,251	

1. Analysis of the company activity (continued)

a) New products introduced in 2016

Alumil Rom Industry is continuously concerned about the client satisfaction, and as a response to the ever changing needs, it is focusing on developing new technical solutions to improve the quality, comfort and safety. The systems are designed, developed and tested in the Alumil Group Research & Development Department in Greece and then certified by an internationally recognized certification institutions, such as IFT ROSENHEIM of Germany.



In recent years, Alumil Rom Industry in Romania has introduced a series of new premium systems:

1. **M 50 ENERGY** – a curtain wall system with thermal break and a high heat transfer coefficient,
2. **S5660 PERGOLA** – system intended for performing the pergola-type shadowing applications;
3. **M8200 GLASS RAILINGS** – Premium handrail system, that can include 21.52 mm and 17.52 mm glass
4. **SMART95 RESIDENTIAL EXTERIOR DOORS** - a full range of high quality residential exterior doors, available in 3 versions of construction, IG (in boxes), HS (half structural) and DS (double structural) and a wide range of designs and finishing.
5. **S77 SUPREME** – swinging thermal break joinery, with excellent thermal and air and water proofing performance features. The system was certified by IFT Rosenheim embellished including by UbATC (Belgium)
6. **S440** - an increased thermal efficiency sliding system intended for use in medium-sized sliding typologies, designed to meet the requirements of modern architecture in terms of thermal comfort and minimalist design. The system was tested and certified by IFT Rosenheim
7. **S560** – a lift & slide joinery system intended for obtaining sliding by lifting features, with large and very large sizes (can withstand window frames of up to 300 kg). The system was tested and certified by IFT Rosenheim
8. **ALUMIL by Hoppe** - own range of handles for windows, doors, SENK Klappe and Lift & Slide openings, produced for ALUMIL by the well-known German company Hoppe.

In 2016, we continued promoting the systems mentioned above and added new groups of products to the portfolio:

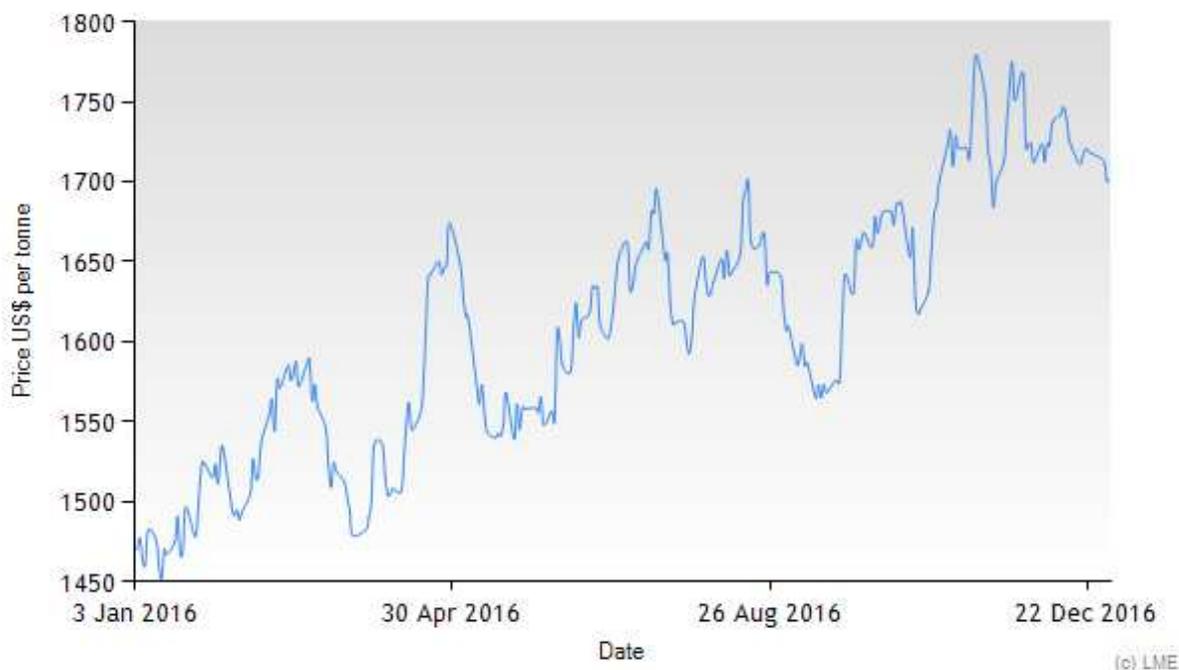
1. **S91** – certified system for passive houses
2. **M8250 Juliet** – French balcony system,
3. **ZEN** exterior residential doors
4. **M9660** – roto-sliding system compliant with the national requirements for thermal rehabilitation
5. **M7** – advanced curtain wall system

1.1.3 Evaluation of the supply activity

The main supplier of Alumil Rom Industry SA is Alumil Aluminium Industry SA Greece for both processed and unprocessed profiles. The Company's competitive advantages consist in offering quality products, with a design and functionality of the highest level and the fact that it has access to favorable purchase prices because of the relationship with the parent company from Greece.

1. Analysis of the company activity (continued)

The price of Aluminum profiles is strongly influenced by the price of Aluminum on the international market, namely on London Metal Exchange. Starting early 2016, it has oscillated between USD 1,450 - 1,700/ton. In the second half of the year, after decreasing under USD 1.600/ton in September, close to year end the quotes reached values above USD 1,750/ton.



Source: www.lme.com

1.1.4 Evaluation of the sale activity

a) Description of the sales evolution and long-term prospects

The consolidated group data for 2016 indicate a turnover earned of RON 57.669.666, decreased by 2.4% as compared to 2015.

The quality of the products, the customer proximity and the ability to rapidly deliver painted profiles are the factors that have led to continued leadership in the market in the framework of a difficult year.

	2016	2015
Sales (RON)	57,669,666	59,071,501
Variation compared to the previous year	-2.4%	

Source: Alamil management reporting - financial statements

In 2016, approximately 94.6% of the turnover was achieved on the domestic market, 5.4% representing exports to Alamil Industry SRL in Moldova, and to the parent company, Alamil Aluminium Industry SA in Greece, and to other companies.

1. Analysis of the company activity (continued)

b) Description of the competition and the market share

The profile market for thermal insulation glass joinery in Romania is dominated by the profiles made of PVC (~ 70% of the value) and of Aluminum (more than 25%), according to the market studies performed in recent years. The other types of profiles (wood, steel and Aluminum and wood) have insignificant weights in the total purchases, accumulating about 1% of the market.

The Company estimates that during 2016 it has maintained and even strengthened its market leadership by an estimated share of about 35%.

c) The description of any significant reliance on a single customer or group of customers

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2015, the top ten clients accounted for 23.6% of the total sales, this weight decreased in 2016 when the top ten customers accounted for approximately 20.0% of the total sales. This decrease is due to the fact that the Company has permanently tried to avoid a significant reliance on a single customer or group of customers.

1.1.5 Evaluation of the matters concerning the Company's employees

The increased activity of the Company in recent years has been translated into the increasing number of employees during the period 2003-2008, both those involved in production and those involved in sales. In 2016, the average number of employees was 181, decreasing by 4.7% as compared to 190 employees in 2015.

Considering that in December 2015 the number of employees was 194, in December 2016 the number of employees decreased to 183.

The evolution of the average number of employees in 2016, as compared to 2015, is as follows:

	2016	2015
Average number of employees	181	190
Change percentage during the period	-4.7%	

Source: Management reporting – consolidated statements.

1.1.6 Evaluation of the matters related to the impact of the main activity on the environment

ALUMIL ROM INDUSTRY SA holds:

- The Environmental Permit no. PH 481 of 18 October 2013, valid through 18 October 2018, issued by the Prahova National Agency for Environmental Protection.
- Water management authorization no. 176 of 29 September 2016, valid through 25 September 2018, concerning the water supply and the discharge of waste water, issued by the "Romanian Waters" National Administration, the S.G.A. Prahova unit.

1.1.7 Evaluation of the research and development activity

Most research and development activities are performed at Group level, in the specialized department of the parent company in Greece. The operations in Romania include a Research & Development department and a technical support one for projects carried out with Alumil profiles. These departments operate closely with the research and development department at Group level, the teams working together to develop new series of profiles and improve existing ones to meet customer requirements.

1. Analysis of the company activity (continued)

1.1.8 The evaluation of the ALUMIL ROM INDUSTRY S.A. risk management activity

The Company's exposure to:

- i) Price risk** - Alumil Rom Industry SA has in place a flexible commercial policy and is able to adapt to any price fluctuations, especially since the Aluminum price fluctuations at an international level affects all market participants to the same extent. To this effect, it is an advantage that Alumil Rom is part of a group with high power to acquire and process Aluminum on the international market.
- ii) Interest rate risk** - The Company's exposure to the interest rate fluctuation risk mainly relates to the floating interest-bearing loans contracted by the Company. At the end of 2016, the balance of short-term loans contracted by the Company was RON 6,297,466 (2015: RON 7,988,798), and of long-term loans was RON 8,355,876 (2015: RON 2,986,723). Considering the low gearing, the interest rate risk is also low.
- iii) Credit risk** - The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, having as a result an insignificant exposure of the Company to bad debts.
- iv) Liquidity /cash-flow risk** - Much of the company's sales involve cash receipts or credits granted to customers over a period of several days to several weeks. Together with the loans for working capital, these provide for the current liquidity needs of the Company. During 2016 and 2015, the loans for the working capital were underused, the Company being in a position of financing its activities with own funds. Under these conditions the Company faces a very low liquidity risk.

1.1.9 Perspectives concerning the activity of ALUMIL ROM INDUSTRY SA S.A.

Alumil Rom Industry SA produces and offers to potential customers from Romania Aluminum profiles at international standards with excellent mechanical and physical features, while also providing assistance and advice on all technical aspects of the products.

The main objectives of **Alumil Rom Industry SA** are to maintain market leadership in the production and sale of Aluminum profiles in Romania and to focus both on providing innovative internationally certified products and, from a commercial perspective, on commercial network improving and expanding. The objectives for the coming years are to increase the market share and improve profitability. Additionally to Aluminum profiles, the Company offers a wide range of products in the field, such as outdoor decorative panels, polycarbonate sheets, sun protection systems, interior doors, decorative panels and accessories, an important objective being to increase the market share on the segments mentioned above. All these objectives are based on the vision of **Alumil Rom Industry SA** and of its parent company from Greece to maintain the leadership on the Southeastern Europe markets and to expand on other markets.

To achieve these objectives in the coming years, **Alumil Rom Industry SA** will focus on increasing the quality of customer service, on increased promptness in fulfilling orders and reducing delivery times. These strategic elements have been a priority in recent years, and by improving the existing processes in the coming years, we will manage to achieve new results on these lines. An important step in this regard is the investment from Filipești de Padure, a European-level investment with high efficiency equipment completed in July 2013.

An important success factor for **Alumil Rom Industry SA** is the experience of more than 30 years of parent company from Greece in the Aluminum extrusion field, the research and permanent development of new products and technologies and the dynamic presence on international markets. Alumil is recognized in Europe as one of the leading suppliers of profile systems for all known architectural applications (windows, doors, facades, skylights, interior partitions), designed, developed and tested by the Development and Research Department of the Company and certified by the International Institute IFT Rosenheim in Germany, a leading authority in the field.

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1. Analysis of the company activity (continued)

Land and buildings

In terms of real estate properties in the Alumil Rom Industry SA estate, these are pieces of land located inside and outside the built-up area of localities, and also constructions, some of them ensuring the performance of the Company main activity.

Alumil Rom Industry owns the real estate property in Bucharest where it operates (located in Calea Rahovei nr. 286A, sector 5) together with the corresponding land with a total area 14,816 sq. m., which were acquired in January 1998. Subsequently, affixed to this location, the Company also acquired in October 2001 a real estate property consisting in various buildings, with the footprint area 856.5 square meters and the related land, with a total area 6,949 sq. m. Additionally to the buildings in Bucharest, the Company also owns a piece of land of 50,000 sq. m. located in Filipestii de Padure and acquired in 2008 on which the real estate property having a total area 8,835 sq. m. from the subsidiary S.C. Alumil Extrusion S.R.L. was commissioned; the land of 19,102 sq. m. purchased in Filipestii de Padure in 2009, as well as the real estate properties owned under an ownership title in Cluj, Baia Mare, Timis, Brasov, Galati and which are generally used as storage area as part of the distribution activity for its products.

In December 2010 Alumil Rom Industry SA purchased in Filipestii de Padure a hall with a built area 2,955.86 square meters and the related land of 11,996 sq. m.

In July 2013, the building of the new production and storage hall as part of the project performed through SOP IEC was completed, with an area 8,835 square meters, and located in Filipestii de Padure, Minieri Village, where the production activity is currently performed.

Tools and machinery

The table below details the equipment, installations and other major assets of the Company. The most important movable property of the Company is the dyeing installation put into operation in 2013. Additionally the Company records various other tools and machinery of lower value

Category	Description	Date of purchase	Purchase value (RON)
Tool	ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	2,251,811
Tool	THERMAL BREAK PRODUCTION LINE SOP IEC 154271/18.05.2011	10-Jul-2013	1,485,683
Tool	WOOD-EFFECT ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	1,015,542
Tool	FILIPESTI TREATMENT PLANT SOP IEC 154271/18.05.2011	12-Jul-2013	744,703
Tool	AUTOMATIC SYSTEM FOR WATER TREATMENT THROUGH FILTERING AND DEMINERALIZATION	10-Dec-2013	383,690
Tool	AUTOMATIC SYSTEM FOR STORAGE ON SHELVES SOP IEC 154271/18.05.2011	15-Jul-2013	342,886
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	FOUR-WAY LIFTING TOOL/SERIES 21719 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	FOUR-WAY LIFTING TOOL/SERIES 21720 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	ELECTRICAL AND PNEUMATIC SYSTEM FOR ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	14-Jun-2013	126,464
Tool	LIFTING SYSTEM FOR PALLETS/BASKETS SOP IEC 154271	10-Jul-2013	122,769

In 2016, machines amounting to RON 45,134, a truck amounting to RON 142,467, furniture and equipment amounting to RON 143,811, out of which IT equipment amounting to RON 105,778 were purchased.

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2. The market for the securities issued by the Company

2.1. The markets on which the securities issued by the Company are negotiated

The shares of ALUMIL ROM INDUSTRY S.A. are traded on the market managed by the Bucharest Stock Exchange in Standard Category, section Equity Securities and the Shareholders' Register is managed by the Central Depository SA Bucharest.

2.2. Policy regarding the dividends

The table below details the dividends proposed by the Board of Directors for 2016 and 2015.

	2016	2015
Retained earnings	4,438,144	6,151,837
Net profit	2,346,776	2,036,307
Dividends proposes	-	3,750,000
Level of appropriation of profit/retained earnings	0%	45.80%

Source: Company.

* For 2016, the profit appropriation proposition will be subject to the approval of the SGM of 25.04.2017.

3. Management of the Company

3.1. Company administrators

The current composition of the Company Board of Directors is detailed below:

No.	Name	Position	Date of appointment	Date of expiry of the term
1.	Michail Sotiriou	President of the Board /CEO	28.04.2014	27.04.2018
2.	Evangelia Mylona	Vice-president of the Board	28.04.2014	27.04.2018
3.	Konstantinos Akrivopoulos	Member of the Board	28.04.2014	27.04.2018
4.	Dimitris Koutsoupas	Member of the Board	28.04.2014	27.04.2018
5.	Georgios Doukidis	Member of the Board	28.04.2014	27.04.2018

a) Any agreement, understanding or family relation between the administrators and another person having influenced their appointment as an administrator:

Mrs. Evangelia Mylona is Mr. Georgios Mylonas' sister, the latter being the President of the Board of Administration of the parent company - ALUMIL ALUMINIUM INDUSTRY S.A. GREECE.

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3. Management of the Company (continued)

b) Administrators' contribution to the capital of S.C. ALUMIL ROM INDUSTRY S.A.

No.	Name	Position	No. of shares held	% before IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Evangelia Mylona	Vice-president of the Board	5,000	0.02%	0.02%
3.	Konstantinos Akrivopoulos	Member of the Board	-	-	-
4.	Dimitris Koutsoupas	Member of the Board	-	-	-
5.	Georgios Doukidis	Member of the Board	-	-	-

3.2. Members of the executive management of ALUMIL ROM INDUSTRY S.A.

The daily operations of the Company are performed by the managers below, who are employed by the Company:

- (a) Racareanu Mariean – Commercial Director
- (b) Balasca Ciprian – CFO
- (c) Ionita Marius – Operations Manager

c) Contribution of the executive management to the capital of the company

No.	Name	Position	No. of shares held
1.	Mariean Racareanu	Commercial Director	1,000
2.	Ciprian Balasca	CFO	1,000
3.	Marius Ionita	Operations Manager	600

3.3 Information on the relations with affiliates, subsidiaries and associates

The relations with related companies and daughter companies are detailed below:

Name of entity	Nature of operation with the Company	Country of origin
Alumil EGE SA	Associate – Alumil Rom Industry (40%)	Turkey
Alumil MISR for Aluminium and Industry SA	Associate - Alumil Rom Industry (40%)	Egypt
Alumil EGE SA	Subsidiary of the Company – Alumil Rom Industry (40%)	Turkey
Alumil Aluminium Industry SA	Parent and main supplier of semi-finished goods	Greece
Alumil Industry SRL	Subsidiary of the parent, Alumil Mylonas (70%)	Moldova
Alumil Bulgaria Ltd.	Subsidiary of the parent, Alumil Mylonas (99.87%)	Bulgaria
G.A. Plastics	Subsidiary of the parent, Alumil Mylonas (50%)	Greece
Alpro Vlasenica AD.	Subsidiary of the parent, Alumil Mylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent, Alumil Mylonas (98.5%)	Serbia
Alumil Albania SA	Subsidiary of the parent, Alumil Mylonas (99.27%)	Albania
Metron Automations S.A.	Subsidiary of the parent – 66%	Greece
Alumil Polska SRL	Subsidiary of the parent – 99.66%	Poland

3. Management of the Company (continued)

The individuals referred to at points 3.1.a, 3.1.b and 3.2. are also affiliates.

3.4. Members of the executive management of ALUMIL EXTRUSION S.R.L.

As at the preparation date of this Report, according to the Organization Chart, the daily operations were performed by the following persons:

- Michail Sotiriou - CEO

3.5. The Company internal control includes the following main components:

- A clear definition of responsibilities;
- Work procedures;
- Code of Conduct;
- Internal dissemination of relevant information;
- Analysis of main risks and procedures for managing these risks;
- Appropriate control activities for each process

Control aims at the application of the internal rules and procedures, at all hierarchical and functional levels: approval, authorization, verification, operating performances evaluation, asset securing, and task separation.

Internal accounting and financial control is a major item of internal control and its main formalizing items relate to:

- The existence of an accounting policy manual, as well as of procedures to apply the related controls;
- Knowledge of the accounting and fiscal legislation's evolution;
- The performance of specific controls on sensitive matters;
- The identification and appropriate treatment of deviations;
- Adapting the software to the entity's needs;
- Ensuring the accuracy and exhaustiveness of the accounting records;
- Complying with the quality characteristics of the information included in the financial statements.

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4. Consolidated financial and accounting statement

a) Assets and liabilities during 2015-2016

RON

Balance sheet items	31 December 2016	31 December 2015
Non-current assets	40,765,623	38,831,728
Intangible assets	204,550	309,448
Tangible assets	36,695,785	38,362,403
Financial assets	3,865,288	159,877
Current assets	36,293,350	43,156,662
Inventories	10,492,134	10,000,936
Receivables	12,923,655	20,031,284
Petty cash and bank accounts	12,877,561	13,124,442
TOTAL ASSETS	77,058,973	81,988,390
Equity	50,826,469	52,446,170
Long-term liabilities	14,069,927	9,218,883
Current liabilities	12,162,577	20,323,337
TOTAL LIABILITIES	77,058,973	81,988,390

b) Profit and loss statement for 2015-2016

	2016	2015
Sale revenues	57,669,666	59,071,501
Cost of sales	(39,439,236)	(41,641,133)
Gross margin	18,230,430	17,430,368
Other operating income	894,097	4,967,662
Sale and distribution expenses	(11,889,424)	(10,640,659)
Administrative expenses	(4,366,014)	(8,843,326)
Operating profit	2,869,089	2,914,045
Interest and related income	53,703	114,041
Interest expense	(357,070)	(636,645)
Foreign exchange gains/(losses)	19,660	139,130
Share of the shareholder's result	13,311	-
Profit before tax	2,598,693	2,530,571
Current income tax charge	(359,663)	(606,611)
Deferred income tax	107,746	112,348
Net profit for the year	2,346,776	2,036,308
Earnings per share	0.0751	0.0652

President of the Board of Directors,
 Michail Sotiriou

CFO
 Ciprian Balasca

Statement of the Board of Directors
of ALUMIL ROM INDUSTRY Group

The Board of Directors of ALUMIL ROM INDUSTRY Group hereby states that they undertake the liability for the preparation of the consolidated annual financial statements of the Group as at 31 December 2016.

The Board of Directors of ALUMIL ROM INDUSTRY Group hereby confirms the following concerning the consolidated annual financial statements of the Group as at 31 December 2016:

- a) The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union.
- b) The accounting policies used for the preparation of the consolidated annual financial statements are in compliance with the applicable accounting regulations;
- c) The consolidated annual financial statements give a fair view of the financial position, financial performance and of the other information regarding the activity performed;
- d) The Group performs its activity under the going concern principle.

This Statement is compliant with the provisions of Art. 30 of Accounting Law 82/1991 as republished.

PRESIDENT OF THE BOARD OF DIRECTORS,

CEO

Sotiriou Michail



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RAPORTUL AUDITORULUI INDEPENDENT **INDEPENDENT AUDITOR'S REPORT**

Catre actionarii Alumil Rom Industry SA
To the Shareholders of Alumil Rom Industry SA

Raport asupra auditului situatiilor financiare consolidate **Report on the Audit of the Consolidated Financial Statements**

Opinia *Opinion*

Am auditat situatiile financiare consolidate ale societatii Alumil Rom Industry SA („Societatea”) care cuprind situatia consolidata a pozitiei financiare la data de 31 decembrie 2016, situatia consolidata a rezultatului global, situatia consolidata a modificarilor capitalului propriu si situatia consolidata a fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.

We have audited the consolidated financial statements of Alumil Rom Industry SA (the Company), which comprise the consolidated statement of financial position as at December 31, 2016, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare consolidate anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2016, ca si a performantei financiare si a fluxurilor de numerar ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.

English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.



Bazele opiniei

Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare” din raportul nostru. Suntem independenti fata de Societate conform Codului etic al profesionistilor contabili emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA) si conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit

Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare consolidate din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare consolidate in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare” din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare anexate.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.

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We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

La data de 31 decembrie 2016 Societatea are inregistrate creante in valoare de 21.834.786 RON inainte de ajustarea de depreciere de 8.544.020 RON. Identificarea si determinarea ajustarii de depreciere a creantelor necesita, din partea managementului, efectuarea unor estimari si a unor judecati, si reprezinta un process cu un grad ridicat de incertitudine. Principalele ipoteze folosite de management in evaluarea nivelului provizionului includ factori precum vechimea creantelor, locatia clientului, existenta unor dispute, istoricul recent al incasarilor de la client si orice alte informatii disponibile cu privire la bonitatea clientilor.

At year end, the Company has trade receivable balances of RON 21,834,786 before allowance adjustment of RON 8,544,020. The identification and determination of the trade receivable allowance requires management to make judgement and assumptions and represents a process with a high level of uncertainty. The main assumptions used by management in evaluating the level of the allowance include factors such as age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties.

Acesta reprezinta un aspect cheie de audit, datorita semnificatiei soldului creantelor comerciale (reprezentand 30% din activele circulante) si a incertitudinilor privind estimarile aferente.

Due to the significance of trade receivables (representing 30% of Current assets) and the related estimation uncertainty, this is considered a key audit matter.

Societatea prezinta informatiile cu privire la ajustarea valorii creantelor in Nota 12 la situatiile financiare statutare.

The Company’s disclosures about trade receivable allowance are included in Note 12 to the statutory financial statements.

Descrierea raspunsului auditorului

Description of Auditor’s Response

Procedurile noastre de audit au pus accentul pe: evaluarea ipotezelor luate in considerare de catre managementul Societatii, cum ar fi in legatura cu creante cu scadenta depasita pentru care nu au fost constituite ajustari de depreciere sau in legatura cu soldurile semnificative pentru care au fost constituite ajustari de depreciere; intelegerea rationamentului folosit de management; si obtinerea de probe de audit coroborative, cum ar fi testarea incasarilor ulterioare de la clienti, analiza istoricului de incasari al clientilor, analiza ajustarilor de valoare in timp si corelatia acestora cu soldul clientilor si datele estimate de incasare.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.

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Our audit procedures focused on: assessing the key management assumptions applied, for example in relation to aged balances where no allowance was recognised or for the larger trade receivable balances where an allowance for trade receivables was recognised; understanding the rationale behind management's judgement; and obtaining corroborative evidence, for example testing if cash collections had been received after the year-end, analyzing historical cash collection patterns and the level of bad debt charges over time and any correspondence with expected settlement dates.

In evaluarea de ansamblu a ajustarii de valoare a creantelor, procedurile noastre de audit au avut in vedere consecventa aplicarii politicii de recunoastere a ajustarilor de valoare, comparativ cu perioadele precedente. In mod specific am avut in vedere valoarea ajustarilor de depreciere constituite in perioadele precedente si utilizate prin inregistrarea in rezultatul perioadei a pierderilor din creante precum si ajustari de valoare ale anilor precedenti reluate ca urmare a incasarilor realizate in decursul perioadei curente.

In assessing the overall trade receivable allowance, our audit procedures considered the consistency of management's application of the policy for recognising an allowance with the prior years. Specifically we considered: how much of prior years' allowance had been utilised for bad debt write offs during the year and prior year allowance amounts released where a customer had paid.

De asemenea, am obtinut probe de audit coroborative printre care corespondenta cu avocatii care reprezinta societatea in disputele cu partile implicate, masurile luate de management pentru recuperarea creantelor cu scadenta depasita si informatii privind solvabilitatea contrapartidelor acolo unde au fost disponibile.

We also obtained corroborative evidence including correspondence with Company external lawyers supporting any disputes between the parties involved, measures taken by management to recover the amounts outstanding and information on the credit status of significant counterparties, where available.

De asemenea, am evaluat masura in care informatiile prezentate de Companie in situatiile financiare cu privire la ajustarile de valoare, sunt adecvate.

We further evaluated the adequacy of the Company's disclosures regarding trade receivable allowances.

Alte informatii ***Other information***

Alte informatii includ Raportul administratorului dar nu includ situatiile financiare consolidate si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.

The other information comprises the Administrator's Report but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

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Opinia noastra de audit asupra situatiilor financiare consolidate nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare consolidate, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare consolidate sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare consolidate

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare consolidate in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, 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.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare consolidate, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

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intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare consolidate *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, inasa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

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- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*
- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- Evaluam prezentarea, structura si continutul general al situatiilor financiare consolidate, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare consolidate reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

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De asemenea, prezentăm persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, masurile de siguranta aferente.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit. Descriem aceste aspecte in raportul nostru de audit, cu exceptia cazului in care legislatia sau reglementarile impiedica prezentarea publica a aspectului respectiv sau a cazului in care, in circumstante extrem de rare, determinam ca un aspect nu ar trebui comunicat in raportul nostru deoarece se preconizeaza in mod rezonabil ca efectele negative ale acestei comunicari depasesc beneficiile interesului public al comunicarii respectivului aspect.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Raport asupra altor cerinte legale si de reglementare *Report on Other Legal and Regulatory Requirements*

Raportare asupra unor informatii, altele decat situatiile financiare consolidate si raportul nostru de audit asupra acestora *Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon*

Pe langa responsabilitatile noastre de raportare conform standardelor ISA si descise in sectiunea „Alte informatii”, referitor la raportul administratorilor, noi am citit raportul administratorilor si raportam urmatoarele:

- a) in raportul administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare consolidate la data de 31 decembrie 2016, atasate;
- b) raportul administratorilor, identificat mai sus, include, sub toate aspectele semnificative, informatiile cerute de Ordinului Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, Anexa 1, punctele 15-19
- c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare consolidate intocmite la data de 31 decembrie 2016 cu privire la Societate si la mediul acesteia, nu am identificat informatii eronate semnificative prezentate in raportul administratorilor.

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In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:

- a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2016;
- b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 – 19;
- c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated financial statements as at 31 December 2016, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

In numele
On behalf of

Ernst & Young Assurance Services SRL

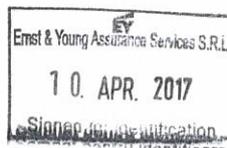
Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 77/15 august 2001
Registered with the Chamber of Financial Auditors in Romania

No. 77/15 August 2001

Numele semnatarului:

Name of signing person:

Numele semnatarului: Christina Pateli
Name of signing person: Christina Pateli



Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 1606/ 16 august 2005

Registered with the Chamber of Financial Auditors in
Romania

Nr. 1606/ 16 August 2005

Bucuresti, Romania
10 aprilie 2017

Bucharest, Romania

10 April 2017

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ALUMIL ROM INDUSTRY S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

	Notes	2016	2015
Net revenue	21	57,669,666	59,071,501
Cost of sales	22	(39,439,236)	(41,641,133)
Gross margin		18,230,430	17,430,368
Other operating income	21	894,097	4,967,662
Sale and distribution expenses	23	(11,889,424)	(10,640,659)
Administrative expenses	24	(4,366,014)	(8,843,326)
Operating profit		2,869,089	2,914,045
Interest income		53,703	114,041
Interest expense		(357,070)	(636,645)
Foreign exchange gains/(losses)		19,660	139,130
Share of the shareholder's result		13,311	-
Profit before tax		2,598,693	2,530,571
Current income tax charge	19	(359,663)	(606,611)
Deferred income tax	19	107,746	112,348
Net profit for the year		2,346,776	2,036,308
Other comprehensive income		-	-
Comprehensive income for the year		2,346,776	2,036,308
Earnings per share	27	0.0751	0.0652

ALUMIL ROM INDUSTRY S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2016
(All amounts are expressed in RON, unless otherwise stated)

	Notes	2016	2015
Non-current assets			
Intangible non-current assets	8	204,550	309,448
Tangible non-current assets	7	36,695,785	38,362,403
Investments in associates	9	3,810,436	152,165
Long-term receivables	10	54,852	7,712
Total non-current assets		40,765,623	38,831,728
Current assets			
Inventories	11	10,492,134	10,000,936
Receivables	12	12,270,766	16,477,844
Other receivables and prepayments	13	652,889	3,553,440
Cash and cash equivalents	14	12,877,561	13,124,442
Total current assets		36,293,350	43,156,662
TOTAL ASSETS		77,058,973	81,988,390
LIABILITIES AND EQUITY			
Equity			
Capital	15	10,337,676	10,337,676
Share premiums		26,565,006	26,565,006
Retained earnings		4,438,144	6,151,837
Result for the year		2,346,776	2,036,307
Reserves		7,138,867	7,355,344
Total equity		50,826,469	52,446,170
Long-term liabilities			
Long-term loans	17	8,355,876	2,986,723
Deferred income tax	19	155,855	263,601
Investment subsidies	18	5,558,196	5,968,559
Other long term liabilities		-	-
Total long-term liabilities		14,069,927	9,218,883
Current liabilities			
Suppliers and other payables	20	5,848,476	12,148,548
Short-term loans	17	6,297,466	7,988,798
Current income tax payable		16,635	185,991
Total current liabilities		12,162,577	20,323,337
LIABILITIES AND EQUITY - TOTAL		77,058,973	81,988,390

* Certain values presented here are not consistent with the financial statements for 2014 and they reflect the adjustments made as presented in detail in Note 7.

These financial statements and the accompanying notes were approved by the Board of Directors and signed on their behalf on 22 March 2017.

 Michail Sotiriou
 CEO

 Ciprian Balasca
 CFO

ALUMIL ROM INDUSTRY S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the year ended 31 December 2015

(All amounts are expressed in RON, unless otherwise stated)

	Capital	Share premium	Reserves	Retained earnings	Total equity
1 January 2015	10,337,676	26,565,006	7,355,344	6,151,837	50,409,863
Dividends distributed	-	-	-	-	-
Profit for 2015	-	-	-	2,036,307	2,036,307
31 December 2015	10,337,676	26,565,006	7,355,344	8,188,144	52,446,170
Dividends distributed	-	-	-	(3,750,000)	(3,750,000)
Profit for 2016	-	-	-	2,346,776	2,346,776
Translation differences	-	-	(216,477)	-	(216,477)
31 December 2016	10,337,676	26,565,006	7,138,867	6,784,920	50,826,469

The legal reserves of the Parent Company, set in accordance with the Company Law, are in an amount RON 1,250,000 as at 31 December 2016 (31 December 2015: RON 1,250,000).

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit is transferred to legal reserves until the balance of this reserve reaches 20% of the share capital of the Company. If this reserve is used in full or in part for covering the losses or for the distribution in any way (such as issuing of new shares according to the Companies Law), it becomes taxable.

ALUMIL ROM INDUSTRY S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016
(All amounts are expressed in RON, unless otherwise stated)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before tax	2,598,693	2,530,570
Adjustments for monetary items:		
Amortization expenses	2,620,353	1,992,720
Setting /(Reversal) of provisions for doubtful customers and inventories	276,258	1,284,237
Setting /(Reversal) of other provisions net	135,087	-
(Profit) /loss from sale of tangible assets	-	(51,344)
Revenues from reversal of investment subsidies	(379,623)	(367,608)
Interest (income)/expenses - net	320,205	522,603
Operating income before other changes in working capital	5,570,973	5,911,178
(Increases)/Decreases in trade and other receivables	6,358,707	(5,089,159)
(Increase)/Decrease in inventories	(399,538)	1,900,203
Increases/(Decreases) in suppliers and other payables	(6,004,891)	4,175,364
Net cash after changes in working capital	5,525,251	6,897,586
Income tax paid	(529,019)	(433,022)
Interest paid	(357,070)	(636,645)
Net cash generated from / (used in) operating activities	4,639,162	5,827,919
Net cash flows from investment		
Purchases of tangible and intangible assets	(4,880,033)	(1,245,129)
Receipts from the sale of tangible and intangible assets	29,304	-
Interest received	36,865	114,041
Net cash used in investment	(4,813,864)	(1,131,088)
Cash flows from finance activities		
Dividends paid	(3,750,000)	(33,203)
Loans received	9,000,000	-
Loans reimbursement	(5,322,179)	(5,964,684)
Net cash generated from finance activities	(72,179)	(5,997,886)
Increase/(decrease) in cash and cash equivalents	(246,881)	(1,301,055)
Cash and cash equivalents at beginning of period	13,124,442	14,425,497
Cash and cash equivalents at the end of period	12,877,561	13,124,442

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

1. GENERAL INFORMATION

ALUMIL ROM INDUSTRY S.A. is a Romanian private capital trading company having head office in Bucharest, Calea Rahovei nr. 286 A, sector 5, Romania, having a national distribution network through the warehouses from Bucharest, Alba-Iulia, Bacau, Baia-Mare, Bistrita, Brasov, Cluj-Napoca, Craiova, Constanta, Focsani, Galati, Iasi, Pitesti, Ploiesti, Sibiu, Slatina, Targu-Mures, Timisoara, Filipestii de Padure. Alumil Rom Industry is a joint-stock company. Starting May 2007, the Company shares are listed on the Bucharest Stock Exchange.

ALUMIL EXTRUSION S.R.L. is a Romanian private company with the head office in Filipestii de Padure, strada Principala nr. 941, Prahova County, recorded with the Trade Register under no. J29/866/1999. Starting October 2005, the Company is 100% owned by ALUMIL ROM INDUSTRY S.A.

ALUMIL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, is a joint-stock company having the head office in Turkey, Fatih Mah., 1188 Sokak, No.13/B Gaziemir /İZMİR, established and registered in Turkey with the Gaziemir Tax Office on 16 September 2015 under number 0680907038 and with the Izmir Chamber of Commerce under number: 183607. The company was established by SC ALUMIL ROM INDUSTRY SA, as the sole shareholder, but starting September 2015, following the assignment to ALUMIL INTERNATIONAL AG Switzerland; SC ALUMIL ROM INDUSTRY SA holds 40% of the share capital of ALUMIL EGE.

ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, is a joint-stock company having the head office in Egypt, Cairo, established and registered in Egypt on 20 March 2016, according to the set up certificate number 1375/20.03.2016 issued by the General Investment and Free Area Authority; SC ALUMIL ROM INDUSTRY SA holds 40% of the share capital of ALUMIL MISR.

The previously-mentioned companies form the ALUMIL Group.

The ALUMIL Group is a member of a European multinational industrial group involved in Aluminum extrusion. The direct and ultimate parent of the ALUMIL Group is ALUMIL ALUMINIUM INDUSTRY S.A., a company with the trading name ALUMIL S.A., established in 1998, recorded in Kilkis, Greece, 61100.

The main activity of the Group

ALUMIL ROM INDUSTRY S.A. sell Aluminum profiles and accessories, equipment for Aluminum joinery, interior doors and Aluminum panels.

Going concern

The financial statements have been prepared on the assumption that assuming that the Group will continue its activity without important changes in the predictable future.

The decision on the dissolution of SC ALUMIL EXTRUSION SRL was filed with the Prahova County Court National Trade Registry Office on 12 December 2016.

2. OPERATING ENVIRONMENT

In recent years, Romania has undergone substantial political and economic changes. Romania is a market with a developing business infrastructure. The operations performed in Romania involve risks. The dynamics regarding the political, legal and tax environments could significantly affect the Group's ability to perform its commercial activity and it is not possible to estimate what changes may occur or their effect on the Group's financial conditions or future operating results.

ALUMIL ROM INDUSTRY S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

(All amounts are expressed in RON, unless otherwise stated)

3. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the International Financial Reporting Standards, including the Interpretations of the International Financial Reporting Standards, as endorsed by the European Union as at 31 December 2016. The International Financial Reporting Standards have not been early adopted. For the purposes of the preparation of these financial statements in accordance to IFRS, the functional currency of the Parent to be the Romanian Leu (RON) was adopted. The Group has been preparing consolidated financial statements since 2007 and they are also available on the company's website www.alumil.com/ro.

The consolidated financial statements have been prepared on a historic cost basis.

The financial statements are presented in RON and all amounts are rounded to the nearest RON, unless otherwise stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Alumil Rom Industry S.A. and those of the controlled entity (Alumil Extrusion S.R.L.) as at 31 December each year. This control is normally clear when the Company holds, either directly or indirectly, more than 50% of the voting rights of the controlled entity and is able to order its financial and operational policies, for the purposes of its own activity. There is no equity or net profit attributable to minority shareholders, because Alumil Extrusion S.R.L. is 100% held by the parent company Alumil Rom Industry S.A.

The consolidation of the financial statements of the parent (Alumil Rom Industry S.A.) and of the subsidiary (Alumil Extrusion S.R.L.) will continue until there is no more control from the parent over the subsidiary.

The Group has a significant influence over the associate Alumil EGE Turkey – a company established in 2015, in which it holds 40% of the capital shares and of the voting rights. Significant influence is the power to participate in the operating and financial decisions, but over which there is no control.

The Group has a significant influence over the associate Alumil MISR Egypt – a company established in 2016, in which it holds 40% of the capital shares and of the voting rights. Significant influence is the power to participate in the operating and financial decisions, but over which there is no control. The Group did not apply the equity method when registering the investments in the mentioned associate in order to prepare the consolidated financial statements, since it did not perform any economic activities in 2016 and its inclusion in the consolidated financial statements is not representative for them.

The equity method implies the initial recognition of the investment in the associate at cost. The carrying amount of the investment is adjusted with the Group's portion of the associate's net asset at purchase date. The consolidated statement of comprehensive income reflects the Group's portion of the associate's results. Any change in other comprehensive income is presented as part of the Group's comprehensive income.

The financial statements of the controlled subsidiary have been prepared for the same reporting period as those of the parent, using the same accounting policies.

All intra-group balances, and the revenues, expenses and unrealized gains and losses resulting from intra-group transactions are eliminated.

3. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.1. BASIS FOR PREPARATION

The financial statement of the Group are prepared in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and clarifications. These provisions are aligned with the requirements of the International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU), with the exception of the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency. For the purposes of the preparation of these financial statements in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

The consolidated financial standards present comparative information concerning the prior periods. In addition, the Group includes an additional column of the consolidated statement of financial position at the beginning of the most recent column presented if there is a retroactive application of the accounting policies' amendment, a retrospective restatement or retrospective classification of a financial statements item.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards adopted in current period

The adopted accounting policies are consistent with those applied in the prior financial year, except the following amended IFRS, which were adopted by the Company as of 1 January 2016:

- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. 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. Management has made use of this amendment.

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. 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 asset. Management has not made use of this amendment on the preparation of the financial statements as at 31 December 2016.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. 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 Group had no transactions in scope of this amendment.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective for annual periods beginning on or after 1 February 2015. 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 Company does not have any plans that fall within the scope of this amendment.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. 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 IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015. None of these had an effect on the Company's financial statements.

- **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 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 gross 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.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- The IASB has issued the **Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.

Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. 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. Management has made an assessment of the effect of the standard and considers it will not have a limited impact on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. 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. Management is assessing the potential impact of adopting this standard.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. Management has not yet assessed the impact of adopting these Clarifications.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 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. The standard has not been yet endorsed by the EU. Management has not yet assessed the impact of these new standards on the financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: 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. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IAS 7: Disclosure Initiative(Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. Management has assessed that this amendment will not have a significant impact on the financial statements.

- **IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. Management has assessed that this interpretation will not have a significant impact on the financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- The IASB has issued the **Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. Management has assessed that the adoption of these standards will not have a material impact on the financial statements
 - **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
 - **IFRS 12 Disclosure of Interests in Other Entities:** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

5. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of the consolidated financial statements are detailed below:

a) *Estimates and assumptions*

The preparation of the IFRS financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related information, and the disclosure of contingent liabilities, at the end of the reporting period. Real results may be different from these estimates. These estimates are reviewed periodically and, where adjustments are required, they are reported in income statement in the periods when they occur.

Uncertainty about these assumptions and estimates could result in material adjustments in the future to the amounts disclosed on the financial statements.

The Group makes estimates concerning the capacity to cash in the invoices having overdue maturities and set provisions for that portion of the receivables for which the receipt becomes uncertain. Specific provisions are set for the clients against which legal procedures were opened, regardless of their age. For invoices older than one year, the company sets provisions covering 100% of their value. For determining this percentage, the Company is analyzing the history of receipts and the current economic conditions. If recent information shows that it is necessary to adjust the provision, the Group will register an adjustment of it in the period when the conditions leading to the discounting of the provision were identified. Since the Group cannot foresee the changes in the clients' future financial stability, it is possible that, in the future, the setting of additional provisions will be necessary.

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(All amounts are expressed in RON, unless otherwise stated)

5. SUMMARY OF ACCOUNTING POLICIES (continued)

b) Shares in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, however, without holding exclusive control over such decisions. The Group is presumed to have significant influence over another entity if it holds 20 percent of the voting power of that entity. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and it is not tested for impairment at individual level. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to Group's net investment in the associate.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized in other comprehensive income of the associate, the Group recognizes its share of the changes and discloses it in other comprehensive income. The Group recognizes the dividend from an associate when the right to receive a dividend is established, and presents separately (Note 9) its share of the results of operations of the associate corresponding to dividends received.

c) Tangible assets

The initial cost of tangible assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to the statement of comprehensive income in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is charged on a straight-line basis, using the economic useful lives estimated by the management and considered to be representative from the perspective of the use by the Group of the future economic benefits generated by the assets. The subsequent improvement costs are capitalized and amortized over the remaining useful life of the asset. No depreciation is computed for land.

The estimated useful lives are as follows:

Category	Useful live (years)
Buildings and special constructions	20 – 60
Tools and machinery	5 – 15
Motor vehicles	4 – 6
Furniture	3 – 15

The estimated useful lives and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from tangible assets.

The Group management assesses on an annual basis whether there is an indication that the net value of assets may be impaired. If any indication exists, the Group estimates the asset's recoverable amount and, where appropriate, it records impairment expenses for the difference between the recoverable amount and the net book value.

Tangible assets are eliminated from the balance sheet when the asset is disposed or when no benefits are expected from its use. Gains or losses on the retirement/sale of non-current assets are recognized in the statement of comprehensive income.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

e) Business combinations and goodwill

Businesses combinations are accounted for using the acquisition method. The assets and liabilities of the acquired subsidiaries are included at their fair value on the acquisition date. For each business combination, the Group elects whether it measures the minority interest in the acquiree.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and potential identifiable liabilities acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill resulting from a business combination is, from the acquisition date, allocated to each of the Group's cash generating unit that is expected to benefit from the combination synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill is part of a cash-generating unit and an operation within that unit is part of a disposal transaction, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Where the fair value of the assets, liabilities and potential identifiable liabilities acquired is less than cost of the combination, the resulting negative goodwill is immediately charged to the statement of comprehensive income.

f) Intangible assets

Intangible assets are measured at cost and are amortized on a straight-line basis over 3 to 5 years.

g) Impairment of non-financial assets

According to IAS 36 *Impairment of Assets*, the value of the tangible and intangible assets and financial assets is assessed annually for identifying the circumstances indicating their impairment.

Whenever the net value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income for tangible and intangible assets.

The recoverable amount of an asset is the higher of of the fair value less the costs generated by the asset's sale and the value in use.

The 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 and the value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amounts are estimated for individual assets, and when this is not possible, for cash flow generating units. The reversal of impairment losses recognized in prior years may only occur when there is an indication that the impairment loss previously recorded for that asset may no longer exist or may have decreased, the reversal is charged as income.

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(All amounts are expressed in RON, unless otherwise stated)

5. SUMMARY OF ACCOUNTING POLICIES (continued)

h) Financial assets

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, the Group's financial assets classified as: held to maturity and loans and receivables generated by the Group. The investments with fixed or determinable payments and fixed maturity, other than loans or receivables generated by the Company, are classified as held to maturity.

These financial assets are recognized initially at fair value plus the transaction costs directly attributable.

Receivables and loans are the most relevant for the Group. Receivables and loans are non-derivative financial instruments with fixed determinable payments that are not quoted on an active market. After initial recognition, these financial assets are recognized at depreciated cost using the effective interest rate method. The amortized cost is computed by taking into account any discount, premium or purchase costs that form the effective interest rate. The amortization based on the effective interest rate is included in profit and loss under financial result. The losses resulted from amortization are recognized in profit and loss under financial result, in case of loans, and under operating expenses, in case of receivables.

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective proof that, following one or several events that took place after the initial recognition of the financial asset, the estimated future cash flows of the investment were affected.

Objective proof of impairment could include:

- Significant financial difficulties of the issuer or partner; or
- Breaching the contract, such as the failure to comply with the financial obligations or deviations from the payments of interest or principal; or
- It becomes likely that the debtor will become insolvent or subject to financial reorganization; or

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

For certain categories of financial assets, such as trade receivables, assets that are assessed as individually impaired are, in addition, assessed for impairment collectively. The objective proof of an asset's impairment could include the Company's past experience in collecting payments, an increase in the portfolio's number of late payments above the average credit period, as well as the noticeable changes in the national or local economic conditions that are correlated with the failure to comply with the financial obligations related to receivables.

The carrying amount of the financial asset is decreased by impairment losses directly for all financial assets, except for trade receivables, where the book value is decreased by using an allowance for impairment account. Subsequent recoveries of values canceled previously are credited to the allowance for impairment account. Changes in the carrying amount of the allowance for impairment account are recognized in profit and loss.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset (either directly or under a "pass-through" arrangement).

The Company has no financial assets at fair value through profit and loss or financial assets available for sale.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

i) *Financial liabilities*

In accordance with IAS 39 Financial Instruments: *Recognition and Measurement*, the Group's financial assets classified as: loans, trade and other payables.

These financial liabilities are recognized initially at fair value net of the transaction costs directly attributable and are subsequently measured at amortized cost or based on the effective interest rate method.

Gains and losses are charged to the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The financial liabilities are derecognized when the obligation is met or cancelled or expires.

The financial assets and liabilities are offset only when the Group has an enforceable legal right to offset and the intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

j) *Operating lease*

Rental payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

k) *Foreign currency transactions*

The functional and presentation currency: the financial statements of the Group are prepared in the functional currency of the Parent - Romanian Leu ("RON"). The functional and presentation currency for the financial statements is the Romanian Leu ("RON").

Transactions arising in foreign currencies are translated into RON at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are re-measured in RON at the exchange rate prevailing at the balance sheet date.

Foreign exchange gains or losses, either realized or unrealized, are charged to the statement of comprehensive income. The RON/USD and RON/EUR as at 31 December 2016 and 2015 are detailed below:

Currency	31 December 2016	31 December 2015
RON/EUR	4.5411	4.5245
RON/USD	4.3033	4.1477

l) *Inventories*

Inventories are valued at the lower of cost and net realizable value, using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, impairment is recorded for excess, obsolete or defective inventory.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

m) Receivables

Receivables are initially carried at the fair value of the consideration receivable and subsequently measured at amortized cost, after allowance for impairment estimated based on factors relevant for their collectability. Evidence of impairment include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter in bankruptcy or other financial reorganization. Actual losses may differ from current estimates.

n) Cash and cash equivalents

Cash includes petty cash and bank accounts. Cash equivalents are highly liquid short-term investments that can be quickly transformed into a known amount, with original maturity of at most three months and have an insignificant risk of change in value.

o) Payables

Liabilities are initially carried at the fair value of the consideration payable and subsequently measured at amortized cost, and include amounts payable, whether or not invoiced, for goods, works and services.

p) Loans

The Group classified the loans in short and long-term loans, according to the maturity provided by the loan agreement.

The loans are initially carried at the amount of the drawings, net of transaction costs. Subsequently, they are reflected at amortized cost using the effective interest rate, the difference between the amount of the drawings and the amount reimbursable being carried in the net profit for the period, over the loan period. The transaction cost includes commissions and fees paid to agents, brokers or dealers.

q) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

r) Employee benefits

Short-term benefits:

Short-term employee benefits include salaries and social security contributions. They are recognized as expenses as services are rendered.

Post-employment benefits – pension plan:

Both the Group and its employees have the obligation to pay monthly contributions (including social security contributions) to the National Pension Fund administered by the Social Insurance of the Romanian State and to private pension funds (starting 2008). Therefore, the Group has no legal obligation to pay future amounts, other than these contributions related to pensions. If the Group no longer employs new personnel who are members of the Social Insurance of the Romanian State, it will have no obligation to pay the benefits obtained by its employees in prior years. The Group's contributions to the pension plan are charged to the statement of comprehensive income in the year to which they relate.

s) Profit tax

The tax on the profit or loss for the year comprises the current tax and the deferred tax. Current tax assets and liabilities for the current and prior periods are carried at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax is computed according to the fiscal legislation in force in Romania and is based on the results reported on the statement of comprehensive income of the Group, prepared in accordance with the local accounting standards, following any adjustments for fiscal purposes. The current income tax is applied on the accounting profit adjusted according to the fiscal legislation in a rate 16% (2015: 16%). The fiscal losses may be carried forward for seven years.

The deferred income tax reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the fiscal amounts used for current income tax purposes. The deferred income tax recoverable or payable is determined using the tax rate expected to be applicable in the year when the temporary differences will be recovered or settled. The assessment of the deferred tax payable or recoverable reflects the tax consequences that would result from the manner in which the Group expects to realize or settle the carrying amount of its assets and liabilities as at the balance sheet date.

The deferred tax liabilities are recognized regardless of the time when is probable to realize the temporary differences. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognized when it is probable that future taxable profit will be available against which the deferred tax can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

t) Value Added Tax (VAT)

The revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and liabilities are stated with the amount including VAT.

The net VAT amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

u) Revenue recognition

The revenue is recognized when it is probable that economic benefits related to the transaction will flow to the Group and the revenue can be reliably measured.

The sales, which exclude taxes and discounts, are recognized on delivery of the goods or the rendering of the services and when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on their delivery.

Interest income is recognized when the interest becomes due

The revenues from dividends are recognized when the Group's right to receive the payment is established.

v) Fair value of financial instruments

The Group is valuing the financial instruments at the fair value as the balance sheet date. Presentations related to the fair value of financial instruments are presented in Note 16. Fair value is the price the company would receive for the sale of an asset or for transferring a liability within a transaction between two market participants at the date of measuring. The fair value is determined based on the assumption that the transaction to sell the asset or transfer the liability takes place:

- On the main market of assets and liabilities, or
- In the absence of a main market, on the most advantageous market for that asset or liability

The fair value of an asset or of a liability is determined based on the assumptions the market participants would use, assuming that the market participants were acting to their best economic interests.

All assets and liabilities for which the fair value is determined or presented in the financial statements are included in the fair value hierarchy, presented below, based on the lowest input that is significant for determining the fair value:

- Level 1 — Unadjusted market prices for similar assets or liabilities
- Level 2 — Valuation techniques for which the lowest input value, significant for the fair value, is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest material input value is not observable

For assets and liabilities recognized in the financial statements at fair value based on a recurrent basis, the Group determines whether there were transfers between hierarchy categories by assessing the categorization at the end of each reporting period. In order to present the fair value, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities, as well as on the fair value hierarchy, as presented above.

6. SUMMARY OF ACCOUNTING POLICIES (continued)

w) Provisions

The provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and if it is probable (is more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at the end of each financial year as adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of the provisions is the discounted amount of the expenses necessary to settle the obligation.

x) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

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

y) Subsequent events

The events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

The events after the balance sheet date that provide additional information on the Company position at the balance sheet date are adjusting events after the balance sheet date.

The events after the balance sheet date that are indicative of the conditions that arose after the balance sheet date are non-adjusting events after the balance sheet date.

z) Affiliates

A party is considered an affiliate when, through ownership, by contract, family relations or otherwise, has the ability to control, directly or indirectly, or to have a significant influence over the other party.

Affiliates also include individuals such as the main owners, the management, and members of the Company's Board of Directors and members of their families.

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6. SEGMENT REPORTING

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing. The Group has a single operating segment according to IFRS 8.

The sale detailing by value for the main categories of products is as follows:

Product category	2016	2015
Profiles	38,434,030	40,518,110
Accessories	14,944,843	14,771,038
Composite Aluminum panels	1,650,520	1,319,230
Polycarbonates	30,220	1,804
Photovoltaic systems	12,471	342,618
Systems for automation applications	617,185	714,525
Waste, services and other	1,980,397	1,404,176
TOTAL	57,669,666	59,071,501

The value structure of the sales on the domestic and foreign market, respectively, is shown below:

Market	2016	2015
Domestic	54,546,454	55,762,748
Foreign	3,123,212	3,308,753
TOTAL	57,669,666	59,071,501

7. TANGIBLE ASSETS - NET

As at 31 December 2016 and 2015, the tangible assets – net, are as follows:

	31 December 2016	31 December 2015
Land and buildings	27,782,486	28,604,884
Equipment and motor vehicles	8,253,129	9,324,274
furniture	458,421	417,558
Advances and tangible assets in progress	201,749	15,687
Total tangible assets	36,695,785	38,362,403

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7. TANGIBLE ASSETS - NET (continued)

The evolution of the tangible assets during the period 31 December 2015 to 31 December 2016 is shown below:

	Land and buildings	Tools and motor vehicles	Furniture	Advances and tangible assets in progress	Total
Cost					
01.01.2015	31,720,262	22,525,467	1,732,851	2,377,023	58,355,603
Additions 2015	-	609,648	89,225	1,400,388	2,099,261
Disposals 2015	-	(882,240)	-	-	(882,240)
Transfers 2015	2,589,957	1,171,767	-	(3,761,724)	-
31.12.2015	34,310,219	23,424,642	1,822,076	15,687	59,572,624
Additions 2016	329,227	187,600	143,812	188,199	848,838
Disposals 2016	-	(122,404)	-	-	(122,404)
Transfers 2016	2,137	-	-	(2,137)	-
31.12.2016	34,641,583	23,489,838	1,965,888	201,749	60,299,058
Accumulated depreciation					
01.01.2015	4,819,412	13,532,626	1,321,190	-	19,673,228
Expense for 2015	885,923	1,017,086	83,328	-	1,986,337
Accumulated depreciation related to disposals 2015	-	(449,344)	-	-	(449,344)
31.12.2015	5,705,335	14,100,368	1,404,518	-	21,210,221
Expense for 2016	1,153,762	1,258,745	102,949	-	2,515,456
Accumulated depreciation related to disposals 2016	-	(122,404)	-	-	(122,404)
31.12.2016	6,859,097	15,236,709	1,507,467	-	23,603,273
Remaining value					
31.12.2015	28,604,884	9,324,274	417,558	15,687	38,362,403
31.12.2016	27,782,486	8,253,129	458,421	201,749	36,695,785

As at 31 December 2016, the Group records no fixed assets based on financial lease contracts.

As at 31 December 2016 and 2015, the Group management verified whether indication that assets may be impaired exists and concluded no such indication, from external or internal sources, existed.

Borrowing costs capitalized

The Company Alumil Rom Industry SA (Parent Company) signed in May 2011 the funding agreement with the Managing Authority within the Ministry of Economy, Trade and Business Environment, as part of the "Sectoral Operational Program Increasing Economic Competitiveness". The project was implemented over 26 months and consisted in the building of the industrial hall and of the office area, and the purchase of state-of-the-art tools and equipment. The main equipment purchased under the project are: thermal break profile production line, wood-effect electrostatic painting, wood-effect horizontal electrostatic painting, treatment plant, lifting system for pallets, travelling cranes, automatic system for storage on shelves, etc.

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7. TANGIBLE ASSETS - NET (continued)

The project was finalized in 2013, and the value of the investment, VAT excluded, as at 31 December 2013 was RON 20,085,466, out of which, non-reimbursable funding RON 5,963,721. The building was funded in part under a financing contract "Investment facility" signed in 2012 with Millennium Bank. The non-refundable financing was received as follows: the pre-financing, in an amount RON 2,087,302, was received in 2012, and the difference of RON 3,876,419 was received in 2013. The funding agreement was exclusively for financing new investments. No interest expenses were capitalized in the financial years 2015 and 2016. The non-amortized value of the investment as at 31 December 2016 is RON 17,112,984 (31 December 2015: RON 18,053,091).

Details on the pledged fixed assets are presented in Note 17. The net value of the non-current assets set as guarantees as of 31 December 2016 is RON 16,770,963 (31 Decembrie 2015: RON 17,656,399).

The gross value of the fixed assets fully depreciated as of 31 December 2016 is RON 16,188,361 (31 December 2015: RON 16,883,602).

8. INTANGIBLE ASSETS - NET

As at 31 December 2016 and 2015, the intangible assets include:

	31 December 2016	31 December 2015
Software	204,550	306,432
Advances and intangible assets in progress	-	3,016
Total intangibles	204,550	309,448

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8. INTANGIBLE ASSETS – NET (continued)

The evolution of the intangible assets during the period is as follows:

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost			
01.01.2015	5,379,553	-	5,379,553
Additions 2015	299,418	3,016	302,434
Disposals 2015	-	-	-
Transfers 2015	-	-	-
31.12.2016	5,678,971	3,016	5,681,987
Additions 2016	-	-	-
Disposals 2016	-	-	-
Transfers 2016	3,016	(3,016)	-
31.12.2016	5,681,987	-	5,681,987
Accumulated amortization			
01.01.2015	5,366,156	-	5,366,156
Expense for 2015	6,383	-	6,383
Disposals 2015	-	-	-
31.12.2015	5,372,539	-	5,372,539
Expense for 2016	104,898	-	104,898
Disposals 2016	-	-	-
31.12.2016	5,477,439	-	4,577,439
Remaining value			
31.12.2015	306,432	3,016	309,448
31.12.2016	204,550	-	204,550

During the year, software was acquired: Windows XP and Alupo.

As at 31 December 2016 and 31 December 2015, no indication of impairment for intangible assets was identified.

9. INVESTMENTS IN ASSOCIATES

In 2015, the Alumil Rom Industry SA participated in the establishment of ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ("ALUMIL EGE"). Alumil EGE is registered and operates in accordance with the Turkish legislation and it has as main activity the processuon, painting and trading of Aluminum and PVC structures and materials. In its capacity as an associate, Alumil Rom Industry SA holds 40% of the company share capital. Alumil EGE performed no trading activities during 2015. Starting 2016, after finalization of the set-up procedures, the company has initiated performing trading operations.

Starting 2016, the company shareholding in Alumil EGE is accounted in the consolidated financial statements under the equity method.

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9. INVESTMENTS IN ASSOCIATES (continued)

	31 December 2016
Non-current assets	356,558
Current assets	5,436,059
Long-term liabilities	0
Short-term liabilities	3,634,827
Equity	2,157,790
Shareholding held	863,116

	31 December 2016
Revenues	7,592,432
Cost of sales	(5,658,497)
Distribution expenses	(1,107,793)
Administrative expenses	(710,240)
Financial expenses	(85,693)
Gross profit	30,210
Net profit	30,210
Group share in the net result	12,084

In 2016, the Company participated in the establishment of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having the head office in Egypt, Cairo, with cash contribution in RON equivalent at subscription date amounting to RON 178,640, the equivalent of 400,000 Egyptian Lira, representing 40% of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC's shares. In November 2016, the first share capital increase was decided for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, up to the value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, out of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016 a second share capital increase was decided for the company ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore the Company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares having a nominal value of 1,000 Egyptian Lira each, the RON equivalent of RON 2,947,320.

During the financial year 2016, the Company performed no commercial activities, the only transactions relating its establishment, with an immaterial impact on the income statement.

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10. LONG-TERM RECEIVABLES

As at 31 December 2016 and 2015, the long-term receivables are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Guarantees for rent	-	1,300
Other long-term receivables	54,852	6,412
Long-term receivables - total	<u>54,852</u>	<u>7,712</u>

As at 31 December 2016, the long-term receivables mainly comprise guarantees for the locations rented: RON mil (31 December 2015: RON 1,300) and other guarantees: RON 54,852 (31 December 2015: RON 6,412).

11. INVENTORIES

	<u>31 December 2016</u>	<u>31 December 2015</u>
Raw materials and materials at cost	2,672,581	2,596,212
Raw materials and materials at net realizable value	-	-
Finished goods and merchandise at cost	9,620,345	9,306,563
Finished goods and merchandise at net realizable value	9,387	-
Impairment adjustments	(1,810,179)	(1,901,839)
Total inventories, net	<u>10,492,134</u>	<u>10,000,936</u>

The Group policy for inventory valuation provides that no provision is set for the inventories to be returned to the suppliers. For non-returnable items, provisions are set (these are valued at the value of Aluminum waste). The amount of the non-usable inventories is adjusted to the level of the recoverable value from aluminum waste. The amount of the inventories recognized as an expense during 2016 is RON 35,544,658 (2015: RON 38,044,743), being included in the consolidated statement of comprehensive income, in the cost of sales (and, as part of these, in the cost of inventory).

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11. INVENTORIES (continued)

The Group set allowances for the impairment of merchandise inventories as follows:

	31 decembrie 2016	31 decembrie 2015
Balance as at 31 December	1,901,839	1,588,108
Provisions set during the year	35,765	398,673
Provisions reversed during the year	(127,425)	(84,942)
Balance as at 31 December	1,810,179	1,901,839

The amount of the provisions set or reversed is included in the statement of comprehensive income in the "cost of sales".

As of 31 December 2016, the value of inventories mortgaged as part of the short-term loan contracted from Banca Transilvania S.A. (Note 17) for a period of 1 year amounts to RON 10,473,722 (2015: RON 9,694,410).

12. RECEIVABLES

As at 31 December 2016 and 2015, the receivables were as follows:

	31 December 2016	31 December 2015
Outstanding receivables from customers	11.194.898	15,297,949
Receivables outstanding, but for which no provision was set	1.075.868	1,179,895
Receivables outstanding, and for which provisions were set	8.544.020	9,206,231
Provisions	(8.544.020)	(9,206,231)
Total receivables	12,270,766	16,477,844

As at 31 December 2016 and 2015, the statement of the age of outstanding receivables for which no provision was set is as follows:

	31 December 2016	31 December 2015
Outstanding one to 60 days	481,473	202,593
Outstanding 61 to 180 days	494,325	411,809
Outstanding above 180 days	100,070	565,493
Total outstanding receivables	1,075,868	1,179,895

The Group trading policy allows client crediting for zero to 180 days and provides the setting of allowances based on the receivable age as at balance sheet date and on specific factors related to receivable collectability from certain customers. When determining the recoverability of a receivable, the Company analyzes the client creditworthiness, payment history and current economic conditions. When recent information show the discount of the allowances is needed, the Company will record its change in the period when the conditions triggering the allowance discount are identified. Because the Company cannot foresee the changes in the clients' future financial stability, there is a possibility that additional allowances are needed in the future.

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12. RECEIVABLES (continued)

The Group set allowances for the impairment of receivables from customers as follows:

	31 December 2016	31 December 2015
Balance as at 31 December	9.206.231	8,345,684
Provisions set during the year	356.949	931,822
Provisions reversed during the year	(1.019.160)	(71,275)
Balance as at 31 December	8.544.020	9,206,231

The allowances reversed in 2015 include amounts reversed following the collection of receivables in an amount RON 330,137 and amounts reversed following the disposal of receivables in an amount RON 689,023. The amount of the allowances set or reversed, and of the receivables disposed, is included on the statement of comprehensive income on line "Sale and distribution expenses".

As at 31 December 2016, the amount of the receivables mortgaged as part of the short-term loan contracted from Banca Transilvania Bank S.A. (Note 17) for one year is RON 10,509,815 (2015: RON 13,091,424).

Details on the balances of receivables from affiliates are presented in Note 29.

The amount of the provisions set or reversed is included in the consolidated statement of comprehensive income in the "Sale and distribution expenses".

13. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2016 and 2015, other receivables and prepayments are as follows:

	31 December 2016	31 December 2015
Taxes and duties paid in excess	187,633	208,374
Sundry debtors and cash advances and other amounts	123,418	142,618
Sundry debtors	722,814	718,558
Provisions for sundry debtors and other receivables	(733,972)	(723,843)
Advances paid to suppliers	63,465	60,443
Grants receivable	-	2,866,297
Other receivables	102,341	4,397
Prepayments	187,190	276,596
Total other receivables and prepayments	652,889	3,553,440

On 1 April 2014, ALUMIL ROM INDUSTRY SA signed the Financing Contract SOP HRD/125/5.1/S/129742 having as objective to improve the capacity to occupy the unemployed on the long-term in the regions North-East, Center, North-West, South and Bucharest- Ilfov. The project was finalized in December 2015. The amounts receivable disclosed as at 31 December 2015 are the equivalent value of the expenses incurred in 2015. These were collected in full in 2016.

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13. OTHER RECEIVABLES AND PREPAYMENTS (continued)

The Group set provisions for the impairment of receivables related to sundry debtors as follows:

	31 December 2016	31 December 2015
Balance as at 31 December	723,843	613,885
Provisions set during the year	11,754	113,662
Provisions reversed during the year	(1,625)	(3,704)
Balance as at 31 December	733,972	723,843

The amount of the provisions set and reversed is included on the consolidated statement of comprehensive income on line "Sale and distribution expenses".

14. CASH AND CASH EQUIVALENTS

As at 31 December 2016 and 2015, the cash availabilities and cash equivalents consisted in the following:

	31 December 2016	31 December 2015
Bank accounts in RON	4,033,518	3,128,634
Bank accounts in foreign currency	409,725	640,081
Short-term deposits	8,306,185	9,194,883
Short-term cash collateral deposit	99,790	99,425
Cash equivalents	-	-
Petty cash in RON	28,343	61,419
Petty cash in foreign currency	-	-
Total cash and cash equivalents	12,877,561	13,124,442

The details regarding the restrictions on cash availability accounts are presented in Note 17.

The short-term deposits are time deposit for up to 30 days in RON and in foreign currency (RON 164,221 and EUR 1,733,539 and USD 62,694 as at 31 December 2016; RON 46,457 and EUR 2,021,975 as at 31 December 2015). The cash collateral deposit, in an amount EUR 21,975, was set-up on the issue of a letter of bank guarantee for the securing of the rental agreement for the area used for the Baneasa Showroom, with the maturity 27 March 2017.

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15. SHARE CAPITAL

The shareholding structure as at 31 December 2016 and 31 December 2015 is as follows:

Shareholder	% of shareholding	No. of shares	Restated amount	Historical amount
Alumil Mylonas	55.90%	17,470,150	5,778,760	3,493,750
Sotiriou Michail	23.95%	7,485,150	2,475,873	1,496,875
Milonas George	0.02%	5,000	2,068	1,250
Milona Evangelina	0.02%	5,000	2,068	1,250
Korda Despina	0.02%	5,000	2,068	1,250
Other	20.09%	6,279,700	2,076,839	1,255,625
Total share capital	100.00%	31,250,000	10,337,676	6,250,000

The shares of the Parent Company have a nominal value RON 0.2/share. Starting April 2007, the Company shares are traded on the Bucharest Stock Exchange.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has liabilities and loans denominated in foreign currency. As a result, it may be affected by the changes in exchange rates and interest rates.

The significant risks are described below.

a) Interest rate risk

The interest rate risk is the risk that the interest rate will fluctuate in time. The Group has short- and long-term loans bearing floating interest rates, which exposes the Group to cash risks.

The table below shows the sensitivity of the interest rate variation with all the other variables held constant and an impact on the gross profit.

<u>2016</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	1%	(41,363)	(9,109)
EUR	(1)%	41,363	9,109
RON	1%	(106,837)	(23,527)
RON	(1)%	106,837	23,527
<u>2015</u>	<u>Increase / (Decrease)</u>	<u>Impact on profit before tax</u>	
		<u>RON</u>	<u>EUR</u>
EUR	1%	(59,657)	(13,185)
EUR	(1)%	59,657	13,185
RON	1%	(50,099)	(11,073)
RON	(1)%	50,099	11,073

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Foreign exchange risk

The functional currency of the Group is RON, while the loans and most of the trade liabilities are denominated in foreign currency (EUR). As a result, the Group may be affected by changes in exchange rates. The Group uses no derivative instruments to hedge the currency risk.

The table below shows the sensitivity of the exchange rate (EUR vs RON) variation with all the other variables held constant and an impact on the gross profit:

2016	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5 %	214,171	47,163
EUR	(5) %	(214,171)	(47,163)

2015	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	(88,400)	(19,538)
EUR	(5)%	88,400	19,538

The tables below detail the balances in foreign currencies and in the functional currency as at 31 December 2016 and an analysis of the sensitivity of the evolution in the exchange rate differences:

Assets	USD	EUR	RON
Monetary non-current assets:			
Shares held at affiliates	-	-	-
Long-term receivables	-	-	54,852
Monetary current assets:			
Customers and other receivables	87,517	223,707	11,531,166
Cash and cash equivalents	120,387	1,793,694	4,214,156
Total monetary assets	207,904	2,017,402	15,800,174

Liabilities	EUR	RON
Monetary long-term liabilities:		
Loans	148,035	7,683,633
Suppliers and other payables	-	5,714,051
Monetary short-term liabilities:		
Loans	762,824	2,833,408
Suppliers and other payables	360,301	4,228,948
Total monetary liabilities	1,271,160	20,460,040

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Ratio	USD	EUR	RON
Net position, in the initial currency	207,904	746,242	(4,714,718)
Exchange rates	4,3033	4,5411	1
Net position, in the functional currency	894,672	3,388,758	(4,714,718)
Possible reasonable variation in exchange rates (+), %	5%	5%	0%
Effect on the comprehensive income, in the functional currency	44,734	169,438	-
Possible reasonable variation in exchange rates (-), %	-5%	-5%	0%
Effect on the comprehensive income, in the functional currency	(44,734)	(169,438)	-
Effect on the comprehensive income, in the functional currency, for each currency			
	USD	44,734	(44,734)
	EUR	169,438	(169,438)
	RON	-	-
	Total	214,171	(214,171)

c) Credit risk

The maximum exposure of the Group to the credit risk is reflected in the amount of the receivables from customers and of other current assets, net of the provisions for impairment recognized at the balance sheet date, as disclosed on the related Notes (12 and 13). In regard to the exposure to the financial institutions through the current accounts and bank deposits (Note 14), the Parent Company closely monitors the financial condition of the banks where it holds bank accounts and, to the date of these financial statements approval, it did not identify any deterioration indicator for the financial condition of these banks.

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2015, the top ten clients accounted for 23.6% of the total sales, this weight decreased in 2016 when the top ten customers accounted for approximately 20.0% of the total sales. This decrease is due to the fact that the company has permanently tried to avoid a significant reliance on a single customer or group of customers.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

The liquidity risk results from the possibility of not collecting the receivables related to the Company under regular commercial terms, from potential issues in the recovery of long-term receivables, and from negative operating cash-flows. In order to control this risk, the Company periodically assesses the financial solvency of its clients.

The Group's policy is to maintain sufficient liquidity to cover the liabilities having reached maturity. The information on the Group liabilities as at 31 December 2016 and 2015 based on undiscounted future payments (including future interest) is shown below.

As at 31 December 2016

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below three months	2,593,787	2,645,930	790,610	916,160	6,946,487
Payments in a period of three to 12 months	230,368	-	-	2,748,480	2,978,848
Payments in a period of one to five years	-	-	-	9,076,135	9,076,135
Total	<u>2,824,155</u>	<u>2,645,930</u>	<u>790,610</u>	<u>12,740,775</u>	<u>19,001,470</u>

As at 31 December 2015

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below three months	4,853,440	2,783,882	7,551,408	387,809	15,576,539
Payments in a period of three to 12 months	1,720,017	-	-	1,163,427	2,883,444
Payments in a period of one to five years	-	-	-	3,570,066	3,570,066
Total	<u>6,573,457</u>	<u>2,783,882</u>	<u>7,551,408</u>	<u>5,121,302</u>	<u>22,030,049</u>

e) Fair value of financial instruments

The best estimate of the fair value is the market value on an active market. If the market for the financial instruments is not active, the Group determines the fair value by using valuation techniques. The valuation techniques include the use of transactions with knowledgeable affiliates, performed by agreement of the parties at arm's length, if possible, by reference to another similar instrument, the analysis of discounted cash-flows.

As at 31 December 2016 and 2015, the carrying amounts of the financial instruments approximated their fair values as at the same dates.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

f) Equity management

Equity includes ordinary shares, equity attributable to the shareholders.

The main objective of the Group in terms of equity management is to ensure and maintain a favorable credit rating and performing equity ratios.

In terms of the indebtedness ratio, the Group aimed at not exceeding 50%.

	31 December 2016	31 December 2015
Total loans	14,653,342	10,975,521
Less: Cash and cash equivalents	(12,877,561)	(13,124,442)
Net liabilities/(assets)	1,775,781	(2,148,921)
Equity	50,826,469	52,446,170
TOTAL CAPITAL EMPLOYED	52,602,250	50,297,249
Indebtedness ratio	3.4%	-4.3%

17. LOANS

Short-term loans

As at 31 December 2016, the company Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2016	Balance 31 December 2016
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2017	EURIBOR 3M + 5.5%	EUR	500,000	-	227,055
B. Transilvania	Short-term facilities	14.03.2014	09.03.2017	EURIBOR 3M + 3.2%	EUR	1,414,123	-	2,574,911
OTP Bank	Short-term facilities	13.03.2014	09.03.2016	ROBOR 3M + 2.6%	RON	3,000,000	-	-

The current portion of short-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Interest rate	Principal	Interest 31 December 2016	Balance 31 December 2016
OTP Bank		16.01.2012		EURIBOR 3M + 3.75 / ROBOR 3M+ 3.25	EUR / RON	8,313,158	-	1,495,500
OTP Bank		17.05.2016		ROBOR 3M + 2.7	RON	9,000,000	-	2,000,000
Total							-	6,297,466

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17. LOANS (continued)

The short-term loan from Piraeus Bank is secured by a corporate guarantee from the parent company.

The Company has set in favor of Banca Transilvania Bank the following securities:

- a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- a security interest in personal property over the Company's accounts opened with Banca Transilvania S.A. Bank;
- a mortgage over all of the Company's present and future (trade) receivables;
- a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania S.A. Bank;
- a Corporate Guarantee issued by Alumil Industria Aluminiului SA, Greece;

The company has set in favor of OTP the following securities:

- a first rank mortgage on the land located in Filipestii de Padure;
- a mortgage on the equipment located in the factory from Filipestii de Padure and the assignment of the insurance policy in favor of the Bank;
- a mortgage over the company accounts opened with OTP Bank S.A., both current accounts, and deposit accounts;
- a security interest in personal property over the cash receivables paid based on the insurance policies concluded by the borrower in relation to this loan contract.

As at 31 December 2015, the Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2015	Balance 31 December 2015
Piraeus Bank	Short-term facilities	29.01.2002	12.07.2016	EURIBOR 3M + 5.5%	EUR	500,000	-	1,696,687
VOLKSBANK	Short-term facilities	14.03.2014	11.03.2016	EURIBOR 3M + 3.2%	EUR	1,500,000	-	2,289,397
OTP Bank	Short-term facilities	13.03.2014	11.03.2016	ROBOR 3M + 2.6%	RON	7,000,000		2,509,635

The current portion of short-term loans:

Description	Type of loan	Contract date	Maturity	Interest rate	Interest rate	Principal	Interest 31 December 2015	Balance 31 December 2015
OTP Bank		16.01.2012		EURIBOR 3M + 3.75 / ROBOR 3M + 3.25	EUR / RON	8,313,158	-	1,493,079
Total							-	7,988,798

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17. LOANS (continued)

Long-term loans

As at 31 December 2016

Description	Type of loan	Contract date	Maturity	Interest rate	Interest rate	Principal	Interest 31 December 2016	Balance 31 December 2016
OTP Bank	Investment facility	16.01.2012	27.12.2018	EURIBOR 3M + 3.75% /ROBOR 3M + 3.25%	EUR / RON	8,313,158	-	1,522,543
OTP Bank	TM Facility	17.05.2016	14.05.2021	ROBOR 3M + 3.25%	RON	9,000,000	-	6,833,333
Total								8,355,876

As at 31 December 2016, the balance of the long-term (investment) loan from OTP Bank is the RON equivalent of the amount EUR 293,835 and RON 1,683,707 (2015: EUR 437,525 and RON 2,500,221), o

The current portion was disclosed under the section relating to short-term loans amounting to EUR 145,800 and RON 833,407 (2015: EUR 145,800 and RON 833,407).

The balance of the medium-term loan from OTP Bank is RON 8,833,333 (2015: RON nil), out of which, the current portion was disclosed under the section relating to short-term loans amounting to RON 2,000,000 RON (2015: RON nil).

The investment facility granted by OTP Bank is secured by:

- A security interest in personal property over the accounts opened with the Bank;
- A first rank security interest in real property over the real estate property consisting in land with a total area 50,003 sq. m. located inside the built-up area of Filipestii de Padure and the industrial hall having a total surface of 8,835 sq. m.;
- A security interest in personal property over the cash receivables paid based on the insurance policies concluded in relation to the loan contract;
- A corporate guarantee granted by the parent company.

As at 31 December 2015

Description	Type of loan	Contract date	Maturity	Interest rate	Interest rate	Principal	Interest 31 December 2015	Balance 31 December 2015
OTP Bank	Investment facility	16.01.2012	27.12.2018	EURIBOR 3M + 3.75% /ROBOR 3M + 3.25%	EUR / RON	8,313,158	-	2,986,723

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18. INVESTMENT SUBSIDIES

The evolution of the investment subsidies as at 31 December 2015 and 2014 is shown below:

	2016	2015
As at 1 January	5,968,559	6,560,565
Subsidies recognized during the year	(30,740)	(224,463)
Depreciation in the profit and loss account during the year	(379,623)	(367,543)
Balance as at 31 December	5,558,196	5,968,559
Short-term portion	379,623	387,539
Long-term portion	5,178,573	5,581,020

The Subsidies recognized during the year line records the correction of the amounts actually obtained for subsidies as compared to the amounts initially budgeted under the SOP HRD 129742 project.

Under the Financing Contract SOP IEC 154271/18.05.2011, the Company undertook the fulfillment of the indicators below:

Result indicators	Determined reference value		Indicator value under the contract	
	Description	Value	MU	Quantity
Turnover increase compared to the 2013 balance sheet (%)		71,164,470	%	49%
Number of jobs created		N/A	No.	45
Number of jobs maintained (existing on the contract signing date)		166	No.	166
Increase in exports compared to the 2013 balance sheet (%)*		3,523,005	%	100 %

Under the above-mentioned Financing Contract, the Company is subject to a five year monitoring period starting the implementation finalization, i.e., 2018. At the end of the monitoring period, the failure to fulfill the above-mentioned indicators may entail the penalization by way of reimbursement of at most 15% of the financed amount (RON 6,535,005), according to the percent in which the criteria are failed.

19. INCOME TAX

The current tax of the Group is determined based on the statutory income, adjusted with the non-deductible expenses and taxable revenues at a rate 16% for 2016 and 2015.

For 2016 and 2015, the income tax consists in:

	2016	2015
Current income tax charge	359,663	606,611
Deferred income tax expense /(credit)	(107,746)	(112,348)
Total income tax	251,917	494,263

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19. INCOME TAX (continued)

The numerical reconciliation between the income tax expense and the result of the multiplication between the accounting result and the taxation percentage in effect is shown below:

	<u>2016</u>	<u>2015</u>
Result before tax – profit/(loss)	2,598,693	2,530,571
Income tax 16%	415,791	404,891
Effect of non-deductible expenses	(163,874)	89,372
	-	-
Total income tax expense / (revenue)	<u>251,917</u>	<u>494,263</u>
Actual income tax rate	9.69%	19.53%

The significant components of the deferred income tax payable included on the financial statements as of 31 December 2016 and 2015, in a rate 16%, are as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Cumulated temporary differences</u>	<u>Deferred income tax asset/ (liability)</u>	<u>Cumulated temporary differences</u>	<u>Deferred income tax asset/ (liability)</u>
Non-current assets	7,974,909	1,275,985	8,024,670	1,283,947
Provisions for receivables	(7,000,814)	(1,120,130)	(6,377,162)	(1,020,346)
Total	<u>974,095</u>	<u>155,855</u>	<u>1,647,508</u>	<u>263,601</u>

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20. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables as at 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Suppliers	1,921,149	2,327,898
Advance payments from clients	1,048,510	275,004
Salaries	291,579	223,842
Taxes and duties on salaries	258,200	232,142
VAT payable	540,662	858,520
Dividends payable	677,801	674,367
Payables to affiliates	965,613	7,551,408
Other	144,962	5,367
Total suppliers and other payables	<u>5,848,476</u>	<u>12,148,548</u>

The details on the balances of the payables to affiliates are presented in Note 29.

21. OPERATING INCOME

Operating income for the years ended 31 December 2016 and 2015 are as follows:

	2016	2015
Sale revenues	58,037,146	59,301,319
Commercial discounts granted	(367,480)	(229,818)
Other operating income	894,097	4,967,662
Total operating income	<u>58,563,763</u>	<u>64,039,163</u>

Other operating income consists of:

	2016	2015
Subsidies received	623,254	4,875,685
Others	270,886	93,157
Total other operating income	<u>894,140</u>	<u>4,968,842</u>

As detailed in Note 17 c), the Company has no client accounting for more than 10% of the sales or outstanding as at 31 December 2016 and 31 December 2015.

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21. OPERATING INCOME (continued)

Operating income from subsidies received represent the financing transferred to income for the expenses made in 2016 and the financing reversed to income during the life of the equivalent value of the financing received under the financing contracts, as follows:

	<u>2016</u>	<u>2015</u>
Income from reversing investment subsidies		
Financing under SOP HRD 125/5.1/S/129742	56,085	40,347
Financing under SOP IEC 154271/18.05.2011	308,718	308,718
Financing under SOP HRD /106/5.1/G/76086	14,907	18,478
Income for financing expenses under SOP HRD 125/5.1/S/129742	243,544	4,508,142
Total operating income	<u>623,254</u>	<u>4,875,685</u>

Details on the subsidies to be received are presented in Note 13.

22. COST OF SALES

The cost of sales for the years ended as of 31 December 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Cost of inventories	35,544,658	38,044,703
Wages	1,373,739	1,429,350
Salary contributions	322,508	329,064
Amortization	1,265,739	1,011,408
Utilities	384,225	378,519
Others	548,367	448,089
Other expenses included in the cost of sales		
Total cost of sales	<u>39,439,236</u>	<u>41,641,133</u>

In 2016, Other expenses included in the cost of sales comprise the management, insurance, security expenses, expenses with taxes and the expenses with the consumables related to the production activity of Filipeștii de Pădure.

23. SALE AND DISTRIBUTION EXPENSES

For 2016 and 2015, the sale and distribution expenses consisted in:

	<u>2016</u>	<u>2015</u>
Wages	4,615,852	3,792,800
Salary contributions	1,084,804	899,757
Amortization	1,202,137	860,835
Rental fees	907,585	778,077
Advertising costs	73,019	108,232
Insurances	177,103	62,534
Other taxes and charges	511,819	321,233
Transport costs	588,799	674,728
Utilities	249,724	267,209
Other sale and distribution expenses	2,478,581	2,875,254
Total sale and distribution expenses	<u>11,889,423</u>	<u>10,640,659</u>

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23. SALE AND DISTRIBUTION EXPENSES (continued)

In 2016, Sale and distribution expenses included the management, security expenses, expenses with consumables, and the provisions for clients and sundry debtors set in 2016 amounting to RON 1,376,949 (2015: RON 931,822). Details regarding the provisions for clients and sundry debtors are disclosed in Note 13.

24. ADMINISTRATIVE EXPENSES

For 2016 and 2015, administrative expenses consisted in:

	<u>2016</u>	<u>2015</u>
Amortization	152,478	120,476
Wages	1,553,651	2,657,838
Salary contributions	362,277	622,897
Other third party suppliers	835,520	1,175,799
Rental fees	24,074	89,839
Insurances	11,476	18,137
Taxes and charges	311,759	359,981
Utilities	61,417	72,868
Other administrative expenses	1,053,362	3,725,491
Total administrative expenses	<u>4,366,014</u>	<u>8,843,326</u>

In 2016, Other administrative expenses include management, audit, security expenses and expenses with promotional materials related to the Group operations.

In 2015, Other third party suppliers and Others include management, audit expenses and expenses with the consumables related to the implementation of the SOP HRD project 125/5.1/S/129742.

25. SALARY EXPENSES

For 2016 and 2015, the salary expenses have consisted in:

	<u>2016</u>	<u>2015</u>
Gross salaries related to the year	7,576,493	7,909,713
Social security expenses	1,259,115	1,310,914
Health insurance expenses	392,218	409,666
Unemployment fund contribution expenses	32,597	37,493
Other contributions	52,409	63,919
Total salary expenses	<u>9,312,832</u>	<u>9,731,705</u>

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26. EMPLOYEES, ADMINISTRATORS AND DIRECTORS

As of 31 December 2016 and 31 December 2015, employees' structure is as follows:

	<u>2016</u>	<u>2015</u>
Production	54	53
Sales & marketing	109	111
Administrative personnel	20	30
Total employees	<u>183</u>	<u>194</u>

Details on the members of the Board of Directors and the executive directors are presented in Note 29.

The Group has no payables to administrators or directors in the analyzed period. There were no advance payments or loans granted to administrators or directors.

27. EARNINGS PER SHARE

The computation of earnings per share for the years ended 31 December 2016 and 2015 can be summarized as follows:

Number of shares as of 31 December 2015	31,250,000
Shares issued during 2016	-
Number of shares as of 31 December 2016	31,250,000
Weighted average number of shares for the year ended 31 December 2016	31,250,000
Net profit of 2016	2,346,776
Earnings per share (in RON per share):	0.0751
Number of shares as of 31 December 2014	31,250,000
Shares issued during 2015	-
Number of shares as of 31 December 2015	<u>31,250,000</u>
Weighted average number of shares for the year ended 31 December 2015	31,250,000
Net profit of 2015	2,036,308
Earnings per share (in RON per share) (restated):	<u>0.0652</u>

28. DECLARED DIVIDENDS

	<u>2016</u>	<u>2015</u>
Dividends declared during the year	<u>3,750,000</u>	<u>-</u>

During the SGM from 21 April 2016, the distribution of dividends from the profit for 2015 and the retained earnings amounting to RON 3,750,000 were approved.

The Board of Administration's proposal to appropriate the profit of 2016 is to be subject to the approval of the SGM of 25 April 2017.

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29. AFFILIATES

a) The main affiliates and a short description of their activity and of the major transactions with the Company during the 2015 and 2016 are presented in the table below:

Entity's name	Nature of the operations with the Company	Country of origin
Alumil Aluminium Industry SA	The parent-entity and the main provider of semi-manufactured goods	Greece
Alumil Industry SRL	Subsidiary of the parent-entity, Alumil Mylonas (70%)	Moldova
Alumil Bulgaria Ltd.	Subsidiary of the parent-entity, Alumil Mylonas (99.87%)	Bulgaria
G.A. Plastics	Subsidiary of the parent-entity, Alumil Mylonas (50%)	Greece
Alpro Vlasenica AD.	Subsidiary of the parent-entity, Alumil Mylonas (61.37%)	Serbia
BMP Hellas SA	Subsidiary of the Company – Alumil YU Industry SA (41.32%)	Greece
Alumil YU Industry SA	Subsidiary of the parent-entity, Alumil Mylonas (98.5%)	Serbia
Alumil Albania SA	Subsidiary of the parent-entity, Alumil Mylonas (99.27%)	Albania
Metron Automations S.A.	Subsidiary of the parent-entity, held in a percentage of 66%	Greece
Alumil Polska SRL	Subsidiary of the parent-entity, held in a percentage of 99.66%	Poland

Receivables from affiliates are the following:

	31 December 2016	31 December 2015
Clients		
Alumil Industry (Chisinau)	629,572	563,929
Alumil Aluminium Industry (Greece)	246,632	1,496,928
Alumil Bulgaria Ltd.	-	564
Alumil EGE SA Turkey	149,034	145,249
Alumil YU Serbia	2	-
Total	1,025,804	2,206,670

Debts to affiliates are the following:

	31 December 2016	31 December 2015
Alumil Aluminium Industry (Greece)	836,827	7,294,700
Alpro Vlasenica AD	128,786	256,709
Total	965,613	7,551,409

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29. AFFILIATES (continued)

The Group has had the following transactions with affiliates:

	2016			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	446,533	30,629,478	-	1,222,867
Alumil Industry (Chisinau)	439,354	-	-	-
Alumil Bulgaria Ltd.	16,614	-	-	-
BMP Hellas SA	-	877,869	-	-
Alumil EGE Turkey	51,173	-	-	-
Alumil YU Serbia	1,119,660	-	-	-
	2,073,334	31,507,347	-	1,222,867

	2015			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	2,132,793	31,331,783	59,212	297,918
Alumil Industry (Chisinau)	722,449	-	-	-
Alumil Bulgaria Ltd.	566	-	-	-
Alumil Albania SA	18,405	-	-	-
BMP Hellas SA	-	739,926	-	-
	2,874,213	32,071,709	59,212	297,918

b) The current members of the Parent Company's Board of Administration are the following:

No.	Name	Position	Date of appointment	Date of mandate expiry
1.	Michail Sotiriou	President of the Board of Directors/CEO	28.04.2014	27.04.2018
2.	Evangelia Mylona	Vice President of the Board	28.04.2014	27.04.2018
3.	Konstantinos Akrivopoulos	Board member	28.04.2014	27.04.2018
4.	Dimitris Koutsoupas	Board member	28.04.2014	27.04.2018
5.	Georgios Doukidis	Board member	28.04.2014	27.04.2018

Mrs. Evangelia Mylona is the sister of Mr. Georgios Mylonas, President of the parent entity's Board of Administration Alumil Industria Aluminiului SA Greece.

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29. AFFILIATES (continued)

Administrators' investments in the Parent entity's capital are the following:

No.	Name	Position	No. of shares held	% prior to IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Evangelia Mylona	Vice President of the Board	5,000	0.02%	0.02%
3.	Konstantinos Akrivopoulos	Board member	-	-	-
4.	Dimitris Koutsoupas	Board member	-	-	-
5.	Georgios Doukidis	Board member	-	-	-

c) The performance of the daily operations of Alumil Rom Industry S.A. is entrusted to the following directors:

- Racareanu Mariean – Commercial Director
- Balasca Ciprian – CFO
- Ionita Marius – Operations Manager

The executive management's participation in the Parent's capital as of 31 December 2016 is the following:

No.	Name	Position	No. of shares held
1.	Mariean Racareanu	Commercial Director	1,000
2.	Ciprian Balasca	CFO	1,000
3.	Marius Ionita	Operations Manager	600

In 2016, the expense with the remuneration of the executive management and of the directors amounted to RON 1,184,036 (2015: RON 1,278,934)

d) Members of the executive management of Alumil Extrusion S.R.L.

At the date of these financial statements, according to the Organizational Chart the performance of the daily operations is entrusted to the following persons:

- Michail Sotiriou - CEO;

e) The conditions and terms of transactions with affiliates:

Overdue balances are not secured, non-interest bearing and discounts take place in cash. No guarantees were set and no guarantees were received for the receivables or payables from/to affiliates.

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30. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS

The Group set no provisions as of 31 December 2016 and 2015.

The Romanian tax system is in process of consolidation and harmonization with the European legislation and different interpretations may exist by authorities concerning the tax legislation, which may generate additional taxes, charges and penalties. If the state authorities discover breaches of the Romanian legal provisions, these may lead, as applicable, to the confiscation of the amounts in case, imposing additional tax obligations, applying fines, applying late payment penalties (applied to the amounts actually payable). Consequently, the tax sanctions resulted from breaches of the legal provisions can be significant amounts payable to the State.

The Group considers it has registered and presented in the financial statements all its tax obligations. In Romania, the tax position is open to further verification for 5 years.

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness. The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility. The project, implemented in Filipestii de Padure, sat Minieri nr. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Following completion of this project, the Parent has the obligation to report the fulfillment of the result indicators over the sustainability period ensuring that all indicators are fulfilled on completion, otherwise the Managing Authority may request a reduction of the co-financing by at most 15% on a pro-rata with the non-fulfillment percentage for these indicators, except for reasonably justified cases.

The Parent estimates the full fulfillment of the indicators until the end of the sustainability period.

The Group has no commitments for the acquisition of tangible and intangible assets as at 31 December 2016 and 2015.

The Parent is party to operating lease agreements for cars, on one to four year periods.

The minimum payments under the operating lease agreements are as follows:

	31 December 2016	31 December 2015
Below one year	428,094	428,094
One to five years	632,650	1,060,744
Total	1,060,744	1,488,838

The Company is a party to rent agreements for commercial areas, signed for one to three year periods. The Company has the option, according to certain agreements, to extend the rent agreement by another year.

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30. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS (continued)

The minimum payments according to rent agreements for commercial areas are as follows:

	<u>31 December 2016</u>	<u>31 December 2015</u>
Below one year	798,804	813,122
One to five years	50,227	849,031
Total	<u>849,031</u>	<u>1,662,153</u>

31. SUBSEQUENT EVENTS

In March 2017, the Parent signed the addendum for extending the short-term loan from OTP Bank, for a period of 1 year, for the amount of RON 3,000,000, in order to fund the current activity (Interest: ROBOR 3 M + 2.6%).

The loan reimbursement is guaranteed by the Parent, as follows:

- a) a first degree mortgage over the land from Filipestii de Padure and the assignment of the insurance policy;
- b) a mortgage over the equipment located in the factory from Filipestii de Padure and the insurance policy in the Bank's favor;
- c) a mortgage over the Company's accounts opened with Millennium S.A. Bank, both current accounts and deposit accounts;
- d) a security interest in personal property over the monetary receivables paid for on the grounds of all the insurance policies concluded by the debtor in relation to the present loan contract.

In March 2017, the Parent signed the addendum for extending the short-term loan with Banca Transilvania S.A. Bank, for a period of 1 year, for the amount of EUR 2,000,000 for working capital and letter of guarantee issue cap in order to fund the current activity (EURIBOR 3 M + 3.2%/ROBOR 3 M + 2.65%).

The loan reimbursement is guaranteed by the Company, as follows:

- a) a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- b) a security interest in personal property over the Company's accounts opened with Banca Transilvania S.A.;
- c) mortgage over all of the Company's present and future (trade) receivables;
- d) a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania S.A.;
- e) Corporate Guarantee issued by Alumil Industria Aluminiului SA, Greece, in a layout accepted by the Bank

These financial statements together with the explanatory notes were approved by the Board of Administration and signed on its behalf on 22 March 2017.

Michail Sotiriou
CEO

Ciprian Balasca
CFO