

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR CONCLUDED ON 31 DECEMBER 2015

Prepared in accordance with :

**The Ministry of Public Finance Order no. 1286 /2012
and its subsequent supplements**

IAR S.A. BRAȘOV

FINANCIAL STATEMENTS

31 DECEMBER 2015

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TO THE
BOARD OF DIRECTORS
OF
IAR S.A. BRAȘOV

IAR S.A. BRAȘOV
BALANCE SHEET 2015

	<u>Row</u>	<u>Grade</u>	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2015</u>
A. Non current assets				
I. INTANGIBLE ASSETS				
1. Development expenses	1			
2. Concession rights, patents, licences, brands, rights and similar values and other intangibles	2		203937	431,033
3. Goodwill	3			
4. Advance payments	4			
5. Intangible exploration and evaluation of mineral resources	5			
TOTAL	6	1 (a)	203,937	431,033
II. Tangible assets				
1. Lands and buildings	7		34,743,541	56,371,706
2. Equipment	8		1,365,727	1,565,800
3. Other installations, tools and furniture	9		51,729	44,050
4. Real estate investments	10			
5. Tangible assets in progress	11		380,739	446,864
6. Investment property in progress	12			
7. Tangible exploration and evaluation of mineral resources	13			
8. Advance payments	14			10,863
TOTAL	15	1 (b)	36,541,736	58,439,283
III. BIOLOGICAL ASSETS				
IV. Financial fixed assets				
1. Shares held in subsidiaries	17			
2. Loans granted to entities of the group	18			
3. Shares held in associates and jointly controlled entities	19			
4. Loans granted to associates and jointly controlled entities	20			
5. Other long term investments	21		5,429,247	5,430,247
6. Other loans	22			
TOTAL	23	1 (c)	5,429,247	5,430,247
Non current assets - Total	24		42,174,920	64,300,563
b. Circulating assets				
I. Stocks				
1. Raw materials and consumables	25		23,295,836	20,261,787
2. Assets held for sale	26			
3. Production in progress	27		17,794,260	10,093,873
4. Finished products and merchandise	28		7,190,151	5,317,075
5. Payments in advance	29		3,165,382	951,652
TOTAL:	30		51,445,629	36,624,387
II. Receivables				
1. Trade receivables	31	12	17,011,090	17,224,127

IAR S.A. BRAȘOV**BALANCE SHEET 2015**

2. Paid advances	32		94,041	693,785
3. Amounts receivable from the entities of the group	33			
4. Amounts receivable from the associates and jointly controlled entities	34	13		
5. Receivables arising from derivative operations	35			
6. Other receivables	36		170,590	191,949
7. Subscribed unpaid capital	37			
TOTAL	38		17,275,721	18,109,861
III. Short-term financial investments	39		6,053,816	0
IV. Petty cash and bank accounts	40	11	39,608,353	80,163,837
Circulating Assets - Total	41		114,383,519	134,898,085
C. Prepaid expenditure	42			
Amounts taken over a period of up to one year	43			
Amounts taken over a period exceeding one year	44			
D. Payables to be paid in a year				
1. Debenture loans, presenting separately from the issue of convertible bond loans	45			
2. Bank loans	46			
3. Advance payments from customers	47		2,465,455	5,683,198
4. Trade - suppliers	48	14	8,597,325	3,661,501
5. Trade notes payable	49			
6. Debts from financial leasing operations	50			
7. Payables to the entities of the group	51			
8. Payables to the associates and jointly controlled entities	52			
9. Payables resulting from derivative operations	53			
10. Other, including tax and social insurance payables	54	15	12,448,253	19,726,234
TOTAL	55		23,511,033	29,070,933
e. Circulating assets, respectively net current liabilities	56		90,872,457	105,822,703
f. Total assets minus current liabilities	57		133,047,377	170,123,266
g. Liabilities to be paid within a period exceeding one year				
1. Debenture loans, presenting separately from the issue of convertible bond loans	58			
2. Bank loans	59			
3. Advance payments from customers	60			
4. Trade - suppliers	61			

IAR S.A. BRAȘOV**BALANCE SHEET 2015**

5. Trade notes payable	62		
6. Debts from financial leasing operations	63		
7. Payables to the entities of the group	64		
8. Payables to the associates and jointly controlled entities	65		
9. Payables resulting from derivative operations	66		
10. Other, including tax and social insurance payables	67	6,237,320	6,063,343
TOTAL	68	6,237,320	6,063,343
h. Provisions			
1. Provisions for employee benefits	69	2,821,546	3,445,115
2. Other provisions	70	50,060,278	54,742,318
TOTAL PROVISIONS	71	52,881,824	58,187,433
i. Revenue in advance			
Investment subsidies	72		
Amounts taken over a period of up to one year (ct 472)	73		
Amounts taken over a period exceeding one year (ct 472)	74		
2. Revenue in advance, from which:	75	29	4449
Amounts taken over a period of up to one year (ct 472)	76	29	4449
Amounts taken over a period exceeding one year (ct 472)	77		
3. Revenues received in advance in connection with the assets transferred from customers	78		
Amounts taken over a period of up to one year (ct 472)	79		
Amounts taken over a period exceeding one year (ct 472)	80		
Total	81	29	4,449
j. Capital and reserves			
I. Capital			
Out of which			
1 Subscribed paid capital	82	47,197,132	47,197,132
2 Subscribed unpaid capital	83		
3 Subscribed capital representing financial payables	84		
4. Capital adjustments			
	Sold C	85	
	Sold D	86	
5. Other components of equity			
	Sold C	87	
	Sold D	88	
TOTAL	89	47,197,132	47,197,132
II. Share premiums	90		
III. Revaluation reserves	91	3,139,331	26,044,409
IV. Reserves			
1. Legal reserves	92	2,838,868	2,838,868
2. Statutory or contractual reserves	93		
3. Other reserves	94	11,456,964	13,879,337
TOTAL	95	14,295,832	16,718,205

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Exchange rate differences arising from translating individual annual financial statements in a presentation currency different from the functional currency (acc. 1072)

SOLD C 96
SOLD D 97

Own shares 98

Earnings related to equity instruments 99

Losses related to equity instruments 100

V. PROFIT OR LOSS CARRIED FORWARD, EXCEPT FOR THE RESULT CARRIED FORWARD ON FIRST ADOPTION OF IAS 29 (acc. 117) SOLD C

101

3,951,194

3,951,194

SOLD D **102**

VI PROFIT OR LOSS CARRIED FORWARD ARISING FROM THE FIRST ADOPTION OF IAS 29 (acc. 118) SOLD C

103

-

SOLD D **104**

VII. Result of the year

SOLD C **105**

5,713,001

11,961,550

SOLD D **106**

Distribution of profit

107

3

368,257

Total equities

108

73,928,233

105,872,490

Public assets

109

TOTAL EQUITIES

110

73,928,233

105,872,490

**GENERAL DIRECTOR,
Ec. Ion DUMITRESCU**

**p. ECONOMIC AND MARKETING DIRECTOR,
Ec. Rodica DUMITRESCU**

IAR S.A. BRAȘOV**BALANCE SHEET 2015**

	<u>Row</u>	<u>Grade</u>	<u>31 Dec. 2014</u>	<u>31 Dec. 2015</u>
1. Net turnover	1		101,683,693	130,892,204
Sold Production	2		101,550,359	130,632,741
Revenue from the sale of goods	3		133,334	259,463
Commercial discounts awarded	4			
Income from operating subsidies related to net turnover	5			
2. Income related to the costs of work in progress				
SOLD	6		15,752,521	
C	7			9,613,230
SOLD D				
3. Revenues from assets production and real estate investments	8			
4. Revenues from tangible and intangible assets production	9			
5. Revenues from property investment production	10			
6. Income from assets (or disposal groups) held for sale	11			
7 Revenues from tangible and intangible assets re-evaluation	12			
8 Revenues from property investment	13			
9 Revenues from biological assets and agricultural products	14			
10 Incomes from subsidies	15			
11 Other operating income	16		1,187,494	338,781
- out of which, revenues from negative goodwill	17			
Operating revenues – Total	18		118,623,708	121,617,755
12. a) Raw material and consumables expenditures	19		76,161,337	65,569,774
Other materials expenditures	20		310,906	375,551
b) Other external expenditures (on electricity and water)	21		1,421,071	1,459,007
c) Expenditure on merchandise	22		169,517	235,138
Trade discounts received	23		440	
13 Personnel expenditure	24		16,986,196	17,279,925
a) Salaries	25		13,503,702	14,084,658
b) Expenditure on insurances and social security	26		3,482,494	3,195,267

IAR S.A. BRAȘOV**BALANCE SHEET 2015**

14 a) Value adjustments related to tangible and intangible assets, real estate investments and cost evaluated biological assets	27	1,251,598	1,328,454
a.1) Expenditure	28	1,320,895	1,328,454
a.2) Revenues	29	69,297	
b) Value adjustment of circulating assets	30	<u>1,125</u>	
b.1) Expenditure	31	1,125	
b.2) Revenues	32		
15. Other operating expenditure	33	<u>5,201,136</u>	<u>26,348,580</u>
15.1 Expenditure on external services	34	4,537,774	5,265,285
15.2 Expenses with other taxes, duties and assimilated payments; expenses representing transfers and contributions owned based on special norms	35	300,791	373,587
15.3 Environmental protection expenses	36	11967	1286
15.4 Expenses related to non-current assets (or disposal groups) held for sale	37		
15.5 Expenses arising from intangible assets and tangible assets assessment	38		513141
15.6 Expenses with real estate investments	39		
15.7 Expenses with biological assets and agricultural products	40		
15.8 Expenses regarding natural disasters	41		
15.9 Other expenses	42	350604	20195281
Adjustments to the provisions	43	9,673,056	5,124,250
Expenditure	44	10,323,937	34,430,321
Revenues	45	650,881	29,306,071
Operating expenditure – total	46	<u>111,175,502</u>	<u>117,720,679</u>
Operating result			
- Profit	47	<u>7,448,206</u>	<u>3,897,076</u>
- Loss	48		
16. Income from shares held in subsidiaries	49		
17. Income from shares from associates	50		
18. Income from financial investments (subsidiaries and associates)	51	<u>771,025</u>	<u>13,053,592</u>
19. Income from operations with			

IAR S.A. BRAȘOV**BALANCE SHEET 2015**

securities and other financial instruments	52		
20. Income from operations with derivative transactions	53		
21. Income from exchange rate differences	54	<u>1285497</u>	<u>1181371</u>
22. Interest income,	55	121646	169243
- out of which, income from affiliates	56		
23. Income from subsidies for interest due	57		
24. Income from short-term financial investments	58		
25. Other financial income	59	30209	31183
<hr/>			
FINANCIAL INCOME – TOTAL	60	2208377	14435389
26. Value adjustment of financial assets and financial investments owned as circulating assets	61		
Expenditure	62		
Revenues	63		
27. Expenses on operations with securities and other financial instruments	64		
28. Expenses related to derivative transactions	65		
29. Expenses on interest	66	64,524	
- out of which, expenses in relation with affiliates	67		
30. Other financial expenses	68	1,455,889	897,341
Financial expenditure – Total	69	<u>1,520,413</u>	<u>897,341</u>
<hr/>			
Financial result			
- Profit	70	<u>687,964</u>	<u>13,538,048</u>
- Loss	71		
Total revenues	72	<u>120,832,085</u>	<u>136,053,144</u>
<hr/>			
Total expenditure	73	<u>112,695,915</u>	<u>118,618,020</u>
<hr/>			
Gross result			
- Profit	74	<u>8,136,170</u>	<u>17,435,124</u>
- Loss	75		
<hr/>			
32. Income tax	76	2,423,169	5,473,574

IAR S.A. BRAȘOV

BALANCE SHEET 2015

33. Deferred income taxes	77		
34. Income from deferred income taxes	78		
35. Other taxes not presented among the above items	79		
36. Net result of the financial year			
- Profit	80	<u>5,713,001</u>	<u>11,961,550</u>
- Loss	81		

All the Company's activities are continuous.

Signed on behalf of the Board of Directors by

**GENERAL DIRECTOR,
DIRECTOR**

Ec. Ion DUMITRESCU

p. ECONOMIC AND MARKETING

Ec. Rodica DUMITRESCU

IAR S.A. BRASOV

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR CONCLUDED ON 31 DECEMBER 2015

Item	Balance on 31-12- 2014	Creșteri		Reduceri		Balance on 31-12-2015
		total , Out of which:	by transfer	total , Out of which:	by transfer	
A	1	2	3	4	5	6
Subscribed unpaid capital						
Subscribed paid capital	47,197,132					47,197,132
Company's assets						
Share premiums						
Revaluation reserves	3,139,331	22,905,078				26,044,409
Legal reserves	2,838,868					2,838,868
Statutory or contractual reserves						
Reserves representing the surplus obtained from revaluation reserves						
Other reserves	11,456,964	2,422,371				13,879,337
Own shares						
Reported result representing the undistributed profit or the uncovered loss	Balance C					
	Balance D					
Reported result from the adoption for the first time of the IAS, except for IAS 2932	Balance C	3,951,194				3,951,194
	Balance D					
Reported result from the correction of accounting errors	Balance C					
	Balance D					
Reported result from the application of the Accounting regulations compliant with the Directive IV of the European Economic Community	Balance C					
	Balance D					
32) This account only appears for the companies that have applied the Accounting regulations approved by the MPFO no. 94 / 2001 and until the closure of this account						
Profit or loss of the financial year	Balance C	5,713,001	11,961,550		5,713,001	11,961,550
	Balance D					
Profit distribution	368,257			368,257		0
Total equities	73.928.233	37,289,001		5,344,744		105,872,490

GENERAL DIRECTOR,

p. ECONOMIC AND MARKETING DIRECTOR

IAR S.A. BRASOV

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR CONCLUDED ON 31 DECEMBER 2015

Ec. Ion DUMITRESCU

Ec. Rodica DUMITRESCU

CASH FLOWS STATEMENT 2015

Item	Financial year	
	2014	2015
Operational activities:		
Net profit before taxation	5,713,001	
Adjustments for the reconciliation of net result to net cash used in operational activities	10,206,341	
<i>Depreciation and other provisions for fixed assets</i>	1,320,895	
<i>Provisions for circulating assets</i>	9,603,759	
<i>Income resulting from the sale of tangible assets</i>	385,983	
Cash from exploitation before the amendments of the circulating capital	27,229,979	
Amendments to the circulating capital (Grade 19)	12,861,847	
<i>Paid interests</i>	-64,525	
<i>Collected interests</i>	121,645	
<i>Paid profit tax</i>	-511,186	
Cash generated from / (used in) operational activities	39,637,760	
Investment activity:		
Procurement of fixed assets	-222,971	
Collections from the sale of fixed assets	731,750	
Net cash used for investment	508,779	
Financing activity:		
Net (decrease)/increase of credits and long-term debt	-441,730	
Paid dividends	-2,398,826	
Amounts paid in respect to employees' contribution to profit	-200,538	
Net cash (used)/generated from the financing activity	-3,041,094	
The amendments of cash and cash equivalents	37,105,445	
Balance at the beginning of the year	2,502,907	39,608,353
Increase/(decrease) in cash and cash equivalents	37,105,446	40,555,484
Balance at the end of the year	39,608,353	80,163,837

GENERAL DIRECTOR
Ec. Ion DUMITRESCU

p. ECONOMIC AND MARKETING DIRECTOR
Ec. Rodica DUMITRESCU

1 NON CURRENT ASSETS

a) Intangible non-current assets

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Non current assets	row no.	Gross value				Impairment (depreciation and provision)				
		opening balance	increases	Decreases		closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year	Depreciation related to write-offs	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				total	Out of which, decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
INTANGIBLES										
Development costs	01	0	0	0	x	0	0	0	0	0
Other intangibles	02	652,577	349,814	0	x	1,002,391	448,640	122,718	0	571,358
Intangible assets of exploitation and evaluation of mineral resources	03									
Advances for intangible assets	04				x	0				
TOTAL (row from 01 to 04)	05	652,577	349,814	0	0	1,002,391	448,640	122,718	0	571,358

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBRIE 2015

NON-CURRENT ASSETS (CONTINUED)

b) Tangible non-current assets

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Non-current assets	row no	Gross value					Impairment (depreciation and provision)			
		Opening balance	increases	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year (and provisions)	Depreciation related to write-offs and cancellation of provisions	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				total	Out of which, decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
TANGIBLE ASSETS										
Land	06	26,569,109	0	0	x	26,569,109	0	0	0	0
Buildings	07	33,771,627	22,905,078	20,450,412		36,226,293	25,597,195	763,773	19,937,271	6,423,697
Technical equipment and machinery	08	6,623,450	634,360	962		7,256,848	5,257,723	434,284	960	5,691,047
Other equipment and furniture	09	553,522				553,522	501,793	7,679		509,472
Real estate investments	10									
Tangible assets in progress	11	380,739	700,487	634,362		446,864				
Real estate investments in progress	12									
Tangible assets of exploitation	13									

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBRIE 2015

and evaluation of mineral resources										
Advances granted for tangible assets	14	0	11,053	190		10,863				
TOTAL (row from 06 to 14)	15	67,898,447	24,250,978	21,085,926		71,063,499	31,356,711	1,205,736	19,938,231	12,624,216

The tangible assets of the Company were assessed at a historical cost to which were added the reassessments ordered by normative acts;

The tangible assets from Group 1, Buildings, were evaluated according to the Romcontrol evaluation report.

Non-current assets	row no	Gross value					Impairment (depreciation and provision)			
		Opening balance	increases	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year (and provisions)	Depreciation related to write-offs and cancellation of provisions	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				total	Out of which, decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
Biological assets	16				x					

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBRIE 2015

1 NON-CURRENT ASSETS (CONTINUATION)

a) Long term financial investments****

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Non-current assets	No Row	Gross value					Depreciation (amortization and provisions)			
		opening balance	increases	Decreases		Closing balance (col. 5 = 1+2-3)	opening balance	Provisions established during the financial year	Provisions adjustments charged to income	Closing balance (col.13 = 10+11-12)
				total	out of which decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
LONG TERM FINANCIAL INVESTMENTS	17									
TOTAL (row 11)	18	5,429,247	1,000			5,430,247				
NON CURRENT ASSETS - TOTAL (row 04+10+11)	19	73,980,271	24,601,792	21,085,926		77,496,137	31,805,351	1,328,454	19,938,231	13,195,574

2. PROVISIONS FOR RISKS AND EXPENSES

Description of the provision	Opening balance at the beginning of the year	Transfers**)		Closing balance at at financial year end
		in account	out of account	
0	1	2	3	4 = 1+2-3
Provisions for receivables and payables	4,454,861	4,151,364	4,255,084	4,351,141
Provisions for risks and expenses	52,964,979	29,128,959	22,816,453	59,277,485
Provisions for stocks	3,522,041		77,637	3,444,404
Provision for retirement	2,321,546		26,431	2,295,115
Provision for participation to profit	500,000	1,150,000	500,000	1,150,000
Provision SGBE Compensation Office	3,455,352		1,630,466	1,824,886
TOTAL	67,218,779	34,430,323	29,306,071	72,343,031

3. PROFIT APPROPRIATION - RON

Destinatia	31-12-2014	31.12.2015
Net profit to be appropriated:	5,713,001	11,961,550
- legal reserve	368,257	
- tax reduction for export		
- Unappropriated profit		11,961,550
- Offsetting the accounting loss from previous years		
- Current dividends	2,922,372	6,556,626
- Own sources of finance	2,422,372	5,404,924

The above distributions were made according to official regulations on the distribution of profit that is made by the company in accordance with the Law no. 31/1990 on commercial companies.

4. ANALISYS OF THE OPERATING INCOME

Crt. no	Indicator	Previous year	Current year
1	<i>Net turnover</i>	101,683,693	130,892,204
2	<i>Cost of sold goods and services rendered (3+4+5)</i>	98,662,961	97,855,912
3	<i>Main activity expenses</i>	87,167,543	84,050,205
4	<i>Auxiliary activities</i>	6,158,614	7,034,938
5	<i>Production overheads</i>	5,336,804	6,770,769
6	<i>Gross result (1-2)</i>	3,020,732	33,036,292
7	<i>Distribution expenses</i>	498,171	577,836
8	<i>General administration expenses (with acc.658)</i>	12,014,370	19,286,931
9	<i>Other expenses / operating income</i>	16,940,015	-9,274,449
10	<i>Operating result (6-7-8+9)</i>	7,448,206	3,897,076

5. RECEIVABLES AND PAYABLES

A. RECEIVABLES

	Balance at 31/12/2015	Liquidity term	
		Under 1 year	Over 1 year
1. Trade receivables	17,224,127	17,224,127	
2. Paid advances	693,785	693,785	
3. Other receivables	19,949	191,949	
4. Long term investments			
5. Other trade receivables OR receivables for non-current assets			
TOTAL:	18,109,861	18,109,861	

B. PAYABLES

	Balance at 31/12/2015	maturity for balance		
		under 1 year	1 to 5 years	over 5 years
1. Trade suppliers	3,661,501	3,661,501		
2. Other payables	25,339,577	19,726,234		6,063,343
3. Payables to credit institutions OR Bank loans				
5. Advance payments from customers	5,683,198	5,683,198		
TOTAL:	35,134,276	29,070,933		6,063,343
	Balance at	Required term		

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted in preparing these financial statements are summarized below.

General information

These financial statements have been prepared in accordance with the Accounting Regulations harmonized with the Directive IV of the European Economic Community and the International Accounting Standards, approved by the Romanian Public Finance Ministry's Order No. 1286/2012 for the approval of Accounting Regulations in accordance with the European directives. This order requires these financial statements to be prepared in accordance with:

- The Accounting Law no. 82/1991 (republished);
- The disclosure requirements contained in the FMO 1286/2012

These specific provisions stipulate that the annual financial statements are compiled based on the trial balance resulting after applying the IAS.

These financial statements have been prepared based on the historical cost convention, with the exceptions set out in the accounting policies.

Basis of accounting

The Company keeps the accounting records in lei ("RON") and prepares the financial statements in accordance with the Accounting Standards and the reports issued by the Ministry of Finance. The financial statements are based on the accounting records of the Company, are prepared based on the going concern principle and the historical cost and are to their current form, which is in accordance with Order No. 1286/2012. The financial statements ensure the comparability with the financial statements for the previous period.

Use of estimates

The preparation of financial statements in accordance with PMFO No. 1286/2012 requires the management to make estimates and hypotheses that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statement preparation date and the expenses reported for that period.

Going concern

The nature of the company's main activity and the uncertainty existent in Romania regarding the outcome of current economic policies implemented in real operational conditions, enable the emergence of considerable unpredictable variations regarding future cash-in flows. However, the directors believe that the Company will be able to continue its activity using the going concern principle in the near future and therefore, the financial statements have been prepared on the basis of this principle.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conversion of transactions in foreign currency

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date. The gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities in foreign currencies, are specified in the profit and loss account. Such balances are converted in lei at the exchange rates established by the end of the year.

On 31 December 2015, the exchange rate used was 1 euro= 4,5245 lei , 1 usd = 4,1477 lei.

Trade receivables

The trade receivables are registered at an anticipated attainable value, which is the amount originally invoiced except for a provision for doubtful receivables. For the doubtful receivables an estimation is made based on a review of all outstanding amounts at the end of the year.

Cash and cash equivalents

These are registered in the balance sheet at cost. For the treasury flow statement, these include cash in hand, demand deposits and other short-term investments with high liquidity.

Tangible assets

Cost

The cost of purchase of the fixed assets is the value of the element taken into consideration when purchasing the assets and other directly attributable costs that are incurred when bringing the asset at the present location and the necessary condition provided for their use. The maintenance and repairs of fixed assets are included in the profit and loss account, as they were executed. The improvements that significantly increase the life of the assets or their technical performance are capitalized.

The asset elements that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period.

Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period.

Fixed assets registered as inventory objects, including equipment and tooling, are registered as expenses when put into use and are not included in the accounting amount of assets.

6 PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUATION)

(i) Depreciation

Depreciation is determined through the straight-line method, in order to distribute the recorded cost of the asset throughout the estimated life span, as follows:

<u>Activ / Asset</u>	<u>Depreciation method</u>
Buildings	40-50 years, using the straight-line method
Other equipment, tooling and furniture	8-10 years, using the straight-line method
Technical equipment	5-10 years, using the straight-line method
Means of transport	5 years, using the straight-line method

(ii) Lands

Lands are registered at the value given by the assessment. Lands are not depreciated as they are considered to have an indefinite life span.

Intangibles

Development expenses of informatics programmes

Expenses that increase and extend the benefits of information technology programmes beyond the description and the initial life span are recorded as improvements and are added to the initial cost of the informatics programme. Development expenses of information technology programmes recognized as assets are depreciated based on the straight-line method on their life span, which does not exceed 3 years.

Other intangibles

Intangibles assets are not reassessed.

Short-term participation

These include short-term bank deposits.

Inventories

Stocks of raw materials, materials, inventory objects are recorded at the purchase price. The costs of finished goods and of work in progress include materials, workforce, and related production expenses.

The downloading method is FIFO.

Inventories are registered at the lowest value between cost and the net realizable value. The cost is generally determined based on the weighted average cost. The cost of the finished goods and those in progress includes the materials, workforce and related indirect production expenses. Where necessary, provisions are made for slow moving or defective inventories. The net achievable value is the normal selling price, except costs of completion and selling expenses.

6 PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUATION)

Taxation

The company records the current income tax based on the net profit in the Romanian financial statements, according to the Romanian legislation related to income tax.

The differences between the International Accounting Standards and the Romanian Accounting and Fiscal Principles did not lead to the occurrence of differences between the accounting basis of some assets and liabilities, respectively income and expenses and their fiscal basis.

Income recognition

Revenues from sales are recorded at the moment in which goods are delivered to the client, at a value that does not include commercial rebates or discounts offered.

Turnover

The turnover, excluding VAT, represents the amounts invoiced to third parties.

The turnover, in total amount of 130.892.204 lei, is gained following activities in the field of: repairs and maintenance of aircraft and space ships (CAEN code 3316).

Loan costs

Costs with interest relating to all loans are listed under expenses at the moment in which they are carried out. Interests relating to loans gained for financing construction of property are capitalized only until commissioning. Subsequent interests are listed under costs.

Pensions and other postretirement benefits

In the normal course of business, the Company makes payments to the Romanian state in its employees' pensions account. All employees of the Company are included in the state pension system. The Company does not operate any other pension scheme or postretirement benefits and, consequently, does not have any other obligations regarding pensions. Furthermore, the Company is in no way obliged to provide additional benefits to employees.

Payables

Payables are registered at nominal value.

In 2015, the Company established provisions for risks and expenses. Rate differences relating to obligations were recorded on costs.

Provisions are recognized at the moment in which the Company has a legal or constructive obligation arising from past events, when for the settlement of the obligation and output of resources, which incorporate the economic benefits, is necessary and when a credible estimate can be made regarding the value of the obligation.

PROVISIONS

In 2015, the following provisions were established:

✓ Tax deductible, in the amount of 590,112 lei, as follows:

- Provision for performance guarantees given to internal clients according to the contracts concluded with them, in the amount of 590.112 lei;

✓ Tax non-deductible, in the amount of 33,840,210 lei, of which:

- Provision for employees' participation to profit, in the amount of 1,150,000 lei
- Provision for performance guarantees given to local clients, in the amount of 8,554,347 lei
- Provision for performance guarantees to external clients (UAE) , in the amount of 19,984,500 lei.
- Provision for bad debt Aerospace Technology, in the amount of 4,151,364 lei.

Also, provisions in the amount of 29,306,071 lei were annulled, as follows:

- Provision for performance guarantees given to local clients, in the amount of 2,831,953 lei;
- Provision for depreciation of receivable, (UAE) in the amount of 4,255,084 lei;
- Provision for employees' participation to profit, in the amount of 500,000 lei;
- Provision for impairment of raw materials and good work in progress, in the amount of 77,637 lei;
- Provision for performance guarantee for external clients (UAE), in the amount of 19,984,500 lei;
- Provision SGBE , Compensation Office, in the amount of 1,630,466 lei;
- Provision for first retirement, in the amount of 26,431 lei

Warranties

The Company does not recognize the estimated liability for repairs and replacement of products under warranty at the date of the balance sheet. This provision was not drawn up based on the level of costs for previous repairs and replacements.

7 SHARES AND BONDS**a) Shares**

The Structure of the shareholders board is as follows:

<i>shareholders</i>	<i>NUMAR ACTIUNI / NUMBER OF SHARES 2014</i>	<i>SHAREHOL DING INTEREST</i>	<i>NUMBER OF SHARES 2015</i>	<i>SHAREHOLDI NG INTEREST</i>
TOTAL SHARES	18,878,853	100%	18,878,853	100%
THE MINISTRY OF ECONOMY AND BUSINESS	12,250,488	64.89%	12,250,488	64.89%
LEGAL ENTITIES	3,294,171	17.45%	2,996,526	15.87%
INDIVIDUALS	3,334,194	17.66%	3,631,839	19.24%

All shares are classified as pari pasu (having the same right to vote) and have a nominal value of 2.5 RON/share.

8 INFORMATION REGARDING THE EMPLOYEES, MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT**a) Remuneration of the management and of the members of the Board of Directors**

SALARIES PAID TO DIRECTORS	Financial year 31 December 2014	Financial year 31 December 2015
	RON	
BANEA NECULAI	172,560	172,560
TOTAL	172,560	172,560

31 December 2014 **31 December 2015**

THE BOARD OF DIRECTORS AND GAS RON

STUPARU LILIANA	28,764	28,764
ISPAS RADU PETRU	19,176	0
MIHAI VESTEĂ	19,176	0
MACEC VALENTIN	19,176	0
ION RARES POPESCU	7,191	28,764
CLAUDIA MARIA BAICU	7,191	28,764
IOAN TOMA	7,191	28,764
RAZVAN POPA	7,191	28,764
TOTAL	115,056	143,820

b) Employees

In the financial year ended on 31st December 2015, the company had an average number of 314 employees (financial year 31st December 2014:315 employees) .

In the normal course of business, the Company makes payments to the Romanian state in its employees' pensions account. All employees of the company are included in the state pension system. The Company does not operate any other pension scheme or postretirement benefits and, consequently, does not have any other obligations regarding pensions. Furthermore, the Company is in no way obliged to provide additional benefits to employees.

9 ANALYSIS OF MAIN FINANCIAL AND ECONOMIC RATIOS

1. Liquidity ratios

Description	Formula	(A) year 2014	(B) year 2015	(B - A) Variation	Observatii/ Observations
Quick ratio (acid test)	$\frac{\text{current assets} - \text{stocks}}{\text{current liabilities}}$	2.68	3.38	0.70	must be >1
Current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	4.87	4.64	-0.22	must be ~2

2. Risk ratios

a) Gearing (Loan) ratio

NOTES TO THE FINANCIAL STATEMENTS- 2015

Description	Formula	(A) year 2014	(B) 2015	(B - A) Variation	Observations
Gearing ratio	$\frac{\text{total liability}}{\text{total assets}}$	19%	18%	-1	must be <35%
Gearing ratio	$\frac{\text{Loaned capital}}{\text{Used capital}}$	0%	0%	0	must be <35%
Interest cover ratio	$\frac{\text{gross profit} + \text{interest expenses}}{\text{interest expenses}}$	127.09	0	-127.09	/ should not be <2

3. Profitability ratios

Description	Formula	(A) year 2014	(B) year 2015	(B - A) Variation	Observations
Profit ratio	$\frac{\text{net profit}}{\text{sales figures}}$	5.62%	9.14%	3.48	must be more than 1.8
Return on investment	$\frac{\text{net profit}}{\text{total assets}}$	3.65%	6.0%	2.35	must be more than 13%
Financial return	$\frac{\text{net profit}}{\text{total own capital}}$	7.73%	11.3%	3.57	must be >5%

4. Activity ratios

Description	Formula	(A) year 2014	(B) year 2015	(B - A) Variation	Observations
Stock turnover	$\frac{\text{sales figures}}{\text{stocks value}}$	2,11	3,57	1,46	increased turnover
Number of stock days	$\frac{\text{average stock} * 365}{\text{sales figures}}$	184.67	102.13	(82.54)	
Client average collecting period (IN DAYS)	$\frac{\text{Clients}}{\text{daily sales}}$	61.1	48.0	(13.03)	should be 30 to 45 days
Supplier credit turnover	$\frac{\text{average balance supplier} * 365}{\text{purchases of goods}}$	20,52	26,01	5,49	
Use ratio of the fixed assets	$\frac{\text{sales figures}}{\text{fixed assets value}}$	2.78	2.24	(0.54)	must be > 1

5. Earning ratio per share

a) Earnings per share

The base earnings per share are calculated by dividing the net profit attributable to shareholders to the weighted average number of outstanding ordinary shares during the year, except for the shares repurchased by the Company during the year. There were no ordinary shares potentially dilutive throughout the year.

	<u>2014</u>	<u>2015</u>
Net profit attributable to shareholders	5,713,001 RON	11,961,550 RON
Weighted average number of ordinary shares present during the year	18,878,853	18,878,853
<u>Gross profit per share</u>	<u>0.3026137 lei / share</u>	<u>0.6335952 lei/ share</u>

b) Method used to express in national currency the patrimonial assets , income and expenses outlined in foreign currency

The Company transactions in foreign currency are recorded at the exchange rate on the date of the transactions. Gains and losses resulting from the settlement of such transactions in a foreign currency and from the conversion of monetary assets and liabilities expressed in a foreign currency are recognized in the profit and loss account. Such balances are converted into LEI at the exchange rates at the end of the year, communicated by the National Bank of Romania.

10 OTHER INFORMATIONa) **Information regarding the company's presentation**

- The Company is headquartered in Brasov,no. 1 Aeroportului Str., and is constituted as a joint stock company, being founded in Romania.
- The company's main activity is the construction and repair of aircraft.
- In the first 6 months of 2015, the shares issued by IAR SA were traded on the B.S.E. - RASDAQ and after the date of 14.07.2015, they were traded on the Bucharest Stock Exchange, the Equity Sector - Standard Class actions.

b) The method used to express in the national currency the assets, revenues and expenses which are outlined in a foreign currency

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date. The gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities in foreign currencies, are specified in the profit and loss account. Such balances are converted in lei at the exchange rates established by the end of the year, which are made public by the National Bank of Romania.

c) Information on the income tax

The reconciliation of the fiscal year result and the fiscal result, as shown in the tax declaration.

	31.12.2015
1. Accounting gross profit according to Statement 101	11,961,550
2. Legal reserves	0
3. Non taxables revenues	18,120,078
3.1 Total deductions	1,328,454
4. Non deductible expenses	41,712,100
5. Taxable profit before the fiscal loss	34,225,118
6. Prior year fiscal losses	0
7. Fiscal loss(5-4)	0
8. Taxable profit	34,225,118

d) Fees paid to auditors

The company signed audit contracts worth 69,586 lei in 2014, and in 2015, as follows:

- addendum no. 2 dated 30 March 2012 to the external audit contract no.8/17.02.2004 worth 9,800 Euro, respectively 53,721 lei/2015 (with reference to the year 2014)
- addendum dated 16 April 2012 to the internal audit contract no.44/18.08.2008 worth 18,600 lei/2015 and the amount of 14,880 lei was paid (with reference to the year 2015-the 1st trimester).

THE STATEMENT OF FIXED ASSETS PLEDGED IN 2015

1. - Administrative building, laboratories, pavement, the green area and land of 5,911 sqm registered in the LR no.3012, no. top 1317/2/18, 1318/18, 1319/18 according to the Pledge agreement, authenticated under no. 1550/09.10.2007 related to the credit agreement no. B011619/812 of 03.12.2003 and AAB011619/812/4/10.07.2007- used for counter-guaranteeing the guarantee letter from the bank issued by Abu Dhabi Commercial Bank - EAU in favor of the company The General Headquarter UAE Armed Forces, to ensure the proper execution of the agreement nr.DP3/4/27/10/4/2/1/203/18 of 19.10.2003 concluded between SC IAR SA and GHQ ARMED FORCES -EAU, the counter value being 200,000 EURO.

2. - Land of 190,857 sqm, registered in the Land Registry no.102040/Ghimbav of OCPT Brasov, identified at A + 1, having the cadastral no.102040, according to the Real estate mortgage agreement authenticated under no. 691/30.04.2013 related to the credit agreement no.104/29.04.2013 for issuing SGB worth 4,385,512.96 lei in the favor of the Compensation Office for Special Technique Procurements - mortgage right over the initial land area of 190,857 sqm, updated to the value of 178,844 sqm according to excerpt of LR nr.103718/22.12.2014.

11 PETTY CASH AND BAMCK ACCOUNTS

	31 Dec.2014	31 Dec.2015
Cash in lei	36,803,742	80,000,468
Cash in foreign currency	161,374	133,563
Other values	16,660	9,136
Petty cash in lei	66	2,287
Petty cash in foreign currency		18,383
Other short-term financial investments	6,053,816	0
TOTAL	43,035,658	80,163,837

In order to present the cash flow statements , the cash and the cash equivalents comprise the following elements:

	31 Dec.2014	31 Dec.2015
Petty cash, bank accounts, other assets	36,981,842	63,869,893
Other short-term financial investments	6,053,816	16,293,944
	43,035,658	80,163,837

12 COMMERCIAL RECEIVABLES

	2014	2015
External trade receivables	15,565,025	6,217,066
Internal trade receivables	5,862,980	6,121,240
Advances paid to internal suppliers	2,671,773	91,402
Advances paid to external suppliers	587,650	602,382
SGB non-current receivable deposit	25,353	9,224,368
Provisions for unreliable clients	-4,442,268	-4,338,547
TOTAL :	20,270,513	17,917,911

13 OTHER RECEIVABLES

	2014	2015
Personnel receivables	0	4,450
Recoverable VAT	0	
Other taxes (excise and customs duties + CCI)	128,039	159,650
Various debtors	52,040	39,302
Income tax	0	
Receivable interest	0	
Provision for unreliable clients	-12,592	-12,592
Other receivables - not due in VAT	3,103	1,140
TOTAL :	170,590	191,950

14 COMMERCIAL PAYABLES

	2014	2015
Suppliers, out of which	8,586,405	3,548,936
Internals	4,546,850	2,603,422
External	4,039,555	945,514
Assets suppliers, out of which	10,919	112,565
Internal	10,919	22,970
External		89,595
Advance payments for orders	2,465,455	5,683,198
TOTAL:	11,062,779	9,344,699

OTHER, INCLUDING TAX PAYABLES AND SOCIAL INSURANCE PAYABLES

	2014	2015
Salaries tax	263.352	192.279
Income tax	2.038.890	3.616.214
Social security budget	731.224	535.274
Payable VAT	8.025.252	9.821.970
Not due in VAT	0	0
Various creditors	6.799.642	11.275.907
Personnel liabilities	745.163	297.390
<u>Other liabilities</u>	82.050	50.542
TOTAL:	18.685.573	25.789.576

15. INCOME TAX

The Company registered an income tax due for the previous financial year worth 5.473.574 lei. The accounting gross profit was adjusted based on fiscal principles, determining the fiscal profit. The differences applied in preparing these financial statements between regulations issued by the Ministry of Finance of Romania and the accounting rules do not give rise to significant differences between the accounting value of certain assets and liabilities on the one hand, and their value established for the purposes of fiscal taxation on the other hand.

16. EXPENSES WITH PERSONNEL

	2014	2015
Salaries and allowances / compensations	13,503,702	14,084,658
Social security contributions and other Personnel liabilities	3,482,494	3,195,267
Total	16.986.196	17.279.925

The average number of employees during the year was as follows:

TOTAL	315	314
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17. INTERESTS EXPENSES AND OTHER SIMILAR EXPENSES

	2014	2015
Currency exchange rate losses	1.455,888	897,341
Interests: bank loans	64,524	
Expenses with granted discounts	-	-
Other financial expenses	1	
Financial Leasing		-
TOTAL	1,520,413	897,341

18 MODIFICATIONS OF THE WORKING CAPITAL COMPONENTS

	<u>31 December 2014</u>	<u>31 December 2015</u>
Receivables	17.275.721	18.109.861
Stocks	51.445.629	36.624.387
Commercial debts and other debts (-)	29.748.353	35.134.276
TOTAL	38,972,997	19,599,972

19 FINANCIAL RISKS

(i) Market risk

The assets and monetary liabilities expressed in lei are analysed below:

	<u>31 December 2014</u>	<u>31 December 2015</u>
Asset	RON	RON
Monetary assets in lei	36,803,808	63,708,811
Monetary assets in foreign currency	161.374	151.946
Net monetary status in lei	36,803,808	63,708,811
Net monetary status in foreign currency	161,374	151,946

(ii) Interest rate risk

The interest rate risk means the risk that the value of a financial instrument will fluctuate due to variations of interest rates on the market.

The company did not sign foreign currency loan agreements at variable interest rates.

Credit risk

The credit risk means the risk that one of the parties who participate to a financial instrument shall fail to fulfill an obligation, which will cause the other side to record a financial loss. In the given situation the management of the company argues that there may not be situations with significant influence. Since the company did not apply for credits in 2015, the influence was zero.

(iii) Liquidity risk

The company's policy concerning liquidity (cash) is to maintain sufficient liquidity so that it can pay its obligations on maturities' dates. The assets and payables are analyzed according to the period remaining until the contractual maturities.

(iv) Fair values

The accounting amounts of financial assets and liabilities with maturity under one year approximates their fair value. On 31 December 2015, the fair value of short-term debts, estimated by updating future cash flows with current interest rate for similar instruments on the market, do not differ significantly, according Company's management, from the value to which these financial instruments are registered.

20. CONTINGENT LIABILITIES

Litigations and other disputes

On the date of the balance sheet, various legal actions, proceedings and investigations were open against the company. Based on the professional advice received from the legal advisors of the Company, the Company's management believes that the Company is unlikely to register any significant material obligation, arising from legal proceedings against the Company.

Onerous contracts

The Company did not have any onerous agreements signed on 31 December 2015.

Other aspects concerning the contingent liabilities

The environmental regulations are under development in Romania, but the Company did not register any obligations on 31 December 2015 for any anticipated costs, including legal and consulting fees, studies of site, design and implementation of remedial plans, concerning the components of the environment. The Company's management does not consider the costs associated to any environmental problems to be significant.

GENERAL DIRECTOR

Ec. Ion DUMITRESCU

p. ECONOMIC AND MARKETING DIRECTOR

Ec. Rodica DUMITRESCU

NOTES TO THE FINANCIAL STATEMENTS- 2015

I. Result	Row no.	No.of units	Amounts	
A	B	1	2	
/ Units with profit	01	1	11,961,550	
Units with loss	02			
Units without profit or loss	03			
		Total col 2+3	Out of which	
II. Information on outstanding payments	Row no.		For current activity	For investments
A	B	1	2	3
Outstanding payments - total (row 04 + 08 + 14 to 18 + 22) of which:	04	0	0	
Outstanding suppliers - total (row 05 to 07), out of which:	05	0		
- above 30 days	06	0		
- above 90 days	07	0		
- above 1 year	08	0		
Outstanding liabilities to social securities budget - total (row 09 to 13), out of which	09	0		
- contributions to state social securities due by employers, employees and other related persons	10	0		
- contributions to state social securities due by employers, employees and other related persons	11	0		
- contributions to the supplementary pension fund	12	0		
- contributions to the unemployment fund	13	0		
- other social liabilities	14	0		
Outstanding liabilities to special funds budgets and other funds	15	0		
Outstanding liabilities to other creditors	16	0		
Outstanding taxes to the State Budget not paid at due term	17	0		
Outstanding taxes to the local budget not paid at due term	18	0		
Bank loans not repaid at due date - total (row 19 to 21), out of which:	19	0		
- outstanding above 30 days	20	0		
- outstanding above 90 days	21	0		
- outstanding above 1 year	22	0		
Outstanding interests	23	0		

I. Average number of employees		Prior year	Current year
A	B	1	2
Average number of employees	01	315	314
Actual number of employees as at financial year end - 31 December	02	316	316

GENERAL DIRECTOR
Ec. Ion DUMITRESCU

p. ECONOMIC DIRECTOR
Ec. Rodica DUMITRESCU

RON

Statement of non-current assets	Gross values					
	Row no.	Opening balance	Increases	Total	Decreases out of which decommissioning	Closing balance (col.5 = 1+2-3)
A	B	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)
Intangibles						
Development costs	01	0				
Other intangibles	02	652,577	349,814		x	1,002,391
Intangible assets of exploitation and evaluation of mineral resources	03				x	
Advances for intangible assets	04					
TOTAL (row 01 la 04)	05_s	652,577	349814			1002391
Tangible assets						
Land	06	26,569,109				26,569,109
Buildings	07	33,771,627	22,905,078	20,450,412		36,226,293
Technical equipment and machinery	08	6,623,450	634,360	962		7,256,848
Other equipment and furniture	09	553,522				553,522
Real estate investments	10					
Tangible assets in progress	11	380,739	700,487	634,362		446,864
Real estate investments in progress	12					
Tangible assets of exploitation and evaluation of mineral resources	13					
Advances for tangible assets	14	0	11,053	190		10,863

TOTAL (row 06 la 14)	15	67,898,447	24,250,978	21,085,926		71,063,499
Biological assets	16					
Long term financial investments	17	5,429,247	1,000			5,430,247
NON CURRENT ASSETS - TOTAL (row 05 + 15 + 16+17)	18	73,980,271	24,601,792	21,085,926		77,496,137

Depreciation			RON		
	Row no.	Opening balance	Depreciation and provisions during the year	Depreciation related to derecognised non-current assets, adjustments recovered at revenues	Depreciation at the end of the year (col. 9=6+7-8)
A	B	6 (1)	7 (2)	8 (3)	9 (4)
Intangibles					
Development expenses	19				
Other intangibles	20	448,640	122,718		571,358
Intangible assets of exploitation and evaluation of mineral resources	21				
TOTAL (Row 19-21)	22	448,640	122,718		571,358
Tangible assets					
Land	23				
Buildings	24	25,597,195	763,773	19,937,271	6,423,697
Technical equipment and machinery	25	5,257,723	434,284	960	5,691,047
Other equipment and furniture	26	501,793	7,679		509,472
Real estate investments	27				
Tangible assets of exploitation and evaluation of mineral resources	28				
TOTAL (row 23 to 28)	29	24,996,658	1,205,736	19,938,231	6,264,163
Biological assets	30				
DEPRECIATION - TOTAL (row 22 + 29+30)	31	25445298	1328454	19938231	6835521

GENERAL DIRECTOR
Ec. Ion DUMITRESCU

p. ECONOMIC AND MARKETING DIRECTOR
Ec. Rodica DUMITRESCU

ADJUSTMENT

RON

Non-current assets	Row no.	Opening balance	Depreciation and provisions during the year	Depreciation related to derecognised non-current assets , adjustments recovered at revenues	Depreciation at the end of the year (col. 9=6+7-8)
A	B	6 (1)	7 (2)	8 (3)	9 (4)
Intangibles					
Development expenses	32				
Other intangibles	33				
Intangible assets of exploitation and evaluation of mineral resources	34				
TOTAL (Row 32-34)	35				
Tangible assets					
Land	36				
Buildings	37	6360053			6360053
Technical equipment and machinery	38				
Other equipment and furniture	39				
Real estate investments	40				
Tangible assets in progress	41				
Real estate investments in progress	42				
Tangible assets of exploitation and evaluation of mineral resources	43				
TOTAL (row 36 to 43)	44	6360053			6360053
Biological assets	45				
Long term financial investments	46				

ADJUSTMENTS FOR DEPRECIATION - TOTAL (row 35 + 44+45+46)	47	6360053			6360053
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