TERAPLAST S.A.

STANDALONE FINANCIAL STATEMENTS

prepared according to the provisions of the Order no. 1286/2012 for the approval of accounting rules according to International Financial Reporting Standards

31 DECEMBER 2013

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	Notes	Year ended on 31 December 2013	Year ended on 31 December 2012
		RON	RON
Revenues	4	226.612.595	239.544.664
Other operating income	5	210.212	727.848
Changes in inventories of finished goods and production in progress	6	2.512.375	1.605.106
Raw materials, consumables used and merchandise	7	(159.608.690)	(176.160.787)
Employee benefits expense	11	(23.228.611)	(22.257.796)
Expenses with provisions, adjustments for impairment and depreciation	10	(8.339.599)	(24.222.973)
Gain/ (Loss)of tangible and intangible assets output	8	62.909	(1.720.806)
Gains/Losses from valuation at fair value of real estate investments	9	(3.380.794)	5.130.830
Other operational expenses	13	(25.789.476)	(26.878.726)
Financial costs	12	(8.082.765)	(10.821.066)
Financial income	12	3.716.975	4.763.400
Profit/(Loss)before tax		**4.685.132**	**(10.290.306)**
(Expenses)/ income tax	14	515.998	1.310.953
Profit/(Loss)for the year		**5.201.129**	**(8.979.353)**
Number of shares		**288.875.880**	**297.875.880**
Result per share	31	**0,0180**	**(0,0302)**
Other elements of the global result comprehensive income		(6.494.461)	3.475.533
Revaluation of fixed assets			
Deferred tax impact		1.039.198	(556.085)
		(5.455.263)	**2.919.448**
Total global result comprehensive income		**(254.133)**	**(6.059.905)**

The financial statements from page 1 to page 65 were approved by the Board of Administration and were authorized to be published according to the administrators' resolution from 27 March 2014.

Traian Simion
General Manager

Edit Orban
Financial Manager

	Note	31 December 2013	31 December 2012
		RON	**RON**
ASSETS			
Non-current assets			
Property, plant and equipment	15	105.591.677	113.844.260
Real estate investments	16	13.602.716	12.257.263
Intangible assets	17	912.956	922.334
Investments in subsidiaries and joint arrangements	18	9.199.408	9.199.408
Other financial assets	19	15.472	15.472
Total non-current assets		**129.322.229**	**136.238.737**
Current assets			
Inventories	20	32.717.144	29.964.756
Trade and other receivables	21	46.625.764	61.516.000
Expenses registered in advance		423.877	268.290
Tax on profit to recover		-	663.078
Cash and short-term deposits	32	2.891.828	7.834.580
Total current assets		**82.658.613**	**136.238.737**
Total assets		**211.980.842**	**236.485.441**
EQUITY AND LIABILITIES			
Equity			
Total Equity, of which:		**59.917.598**	**60.817.598**
- Share capital	22	28.887.588	29.787.588
- Adjustments of the sharecapital	22	30.092.472	31.030.010
Share premiums	**22**	42.245.118	42.245.118
Revaluation reserves		18.708.074	24.163.337
Legal reserves	23	3.561.377	3.330.468
Retained earnings	24	(9.453.943)	(16.296.668)
Total equity		**114.040.685**	**114.259.853**
Non-current liabilities			
Borrowings and long term financial leasing	25	13.180.218	16.588.337
Retirement benefit obligations	26	286.225	330.319
Deferred tax liabilities	14	3.456.182	6.053.645
Total non-current liabilities		**16.922.624**	**22.972.301**
Current liabilities			
Trade and other payables	28	39.772.597	45.630.557
Borrowings and short term financial leasing	25	36.892.588	48.489.313
Other current liabilities		162.795	310.221
Income tax payable		33.137	-
Provisions	27	4.156.415	4.823.196
Total current liabilities		**81.017.532**	**99.253.287**
Total liabilities		**97.940.157**	**122.225.588**
Total equity and liabilities		**211.980.842**	**236.485.441**

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Traian Simion	**Edit Orban**
General Manager	Financial Manager

	Subscribed capital	Adjustments of the company capital	Share premium	Revaluation reserves	Legal reserves	Retained earnings	Total
	RON	RON	RON	RON	RON	RON	RON
Balance on 1 January 2012	**29.787.588**	**31.030.010**	**42.245.118**	**27.276.765**	**3.330.468**	**(11.897.099)**	**121.772.850**
Increase/ (Decrease)	-	-	-	3.475.533	-	-	3.475.533
Reserves representing revaluation surplus	-	-	-	(6.032.876)	-	6.032.876	-
Correction oferrors from previous years	-	-	-	-	-	(1.453.092)	(1.453.092)
Delayed tax on profit	-	-	-	(556.085)	-		(556.085)
Result of the year	-	-	-	-	-	(8.979.353)	(8.979.353)
Balance on 31 December 2012	**29.787.588**	**31.030.010**	**42.245.118**	**24.163.337**	**3.330.468**	**(16.296.668)**	**114.259.853**

	Subscribed capital	Adjustments of the company capital	Share premium	Revaluation reserves	Legal reserves	Retained earnings	Total
	RON	RON	RON	RON	RON	RON	RON
Balance on 1 January 2013	**29.787.588**	**31.030.010**	**42.245.118**	**24.163.337**	**3.330.468**	**(16.296.668)**	**114.259.853**
Increase/ (Decrease)		-	-	-	230.909	(230.909)	-
Reserves representing revaluation surplus	-	-	-	(6.494.461)	-	-	(6.494.461)
Cancellation of own redeemed shares	(900.000)	(937.538)				1.837.538	-
Correction of errors from previous years	-	-	-	-	-	34.965	34.965
Delayed tax on profit	-	-	-	1.039.198	-	-	1.039.198
Result of the year	-	-	-	-	-	5.201.129	5.201.129
Balance on 31 December 2013	**28.887.588**	**30.092.472**	**42.245.118**	**18.707.547**	**3.561.377**	**(9.453.943)**	**114.040.685**

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Traian Simion
General Manager

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Financial Manager

	Note	Yearended on 31 December 2013 RON	Year ended on 31 December 2012 RON
Cash flow from operating activities			
Gain/(Loss)before tax		4.685.131	(10.290.306)
Financial expenses	**14**	2.326.889	2.554.335
Financial income	**12**	(86.902)	(19.824)
Gain/(Loss)on sale or disposal of property, plant and equipment	**12**	(64.413)	2.377.643
(Gain)/Lossfrom impairment of trade receivables		(308.764)	1.222.507
Adjustment of costs forinventories impairment provisions		(477.331)	(790.068)
Amortization andimpairment of non-current assets		10.643.204	22.400.452
Impairment /(reversalof impairment) of the assets held for sale		-	(656.836)
Adjustment forprovisionsfor liabilities and charges	**10**	(666.781)	1.390.082
(Gain)/Lossfrom evaluation of real estate investments	**9**	3.380.794	(5.130.830)
Income from provisionsfor obligations related to retirement benefits	**26**	(44.094)	(13.662)
Income from dividends	**12**	(66.948)	(147.006)
Income from operating subsidies			(186.608)
Unrealized exchange rate differences		449.138	-
(Increase)/Decrease in financial instruments	**12**	(147.426)	310.221
Profit before adjustments in working capital		**19.622.497**	**13.020.100**
Movements in working capital			
(Increase)/ Decreasein trade and other receivables		15.043.412	(16.999.954)
(Increase)/Decreasein inventories		(2.275.057)	(297.938)
(Decrease)/ Increasein trade and other payables		(5.541.187)	(7.715.765)
Cash generated by/ (used in) operating activities		**26.849.666**	**(3.437.972)**
Interestpaid		(2.424.776)	(2.574.244)
Tax on profit paid		(346.051)	(14.617)
Net cash generated by/ (used in) operatingactivities		**24.078.839**	**(849.111)**

	Note	Yearended on 31 December 2013 RON	Year ended on 31 December 2012 RON
Net cash generated by/ (used in) investment activities			
Interestreceived		86.902	19.824
Payments of tangible and intangible assets		(9.212.412)	(9.009.541)
Receipts from selling tangible assets		380.091	15.958.350
Dividends collected		66.948	147.006
Net cash from investment activities		**(8.678.471)**	**7.115.639**
Cash flows from financing activities			
Net receipts from/(Reimbursements of) borrowings		(19.381.568)	(2.193.830)
Payments of leases		(961.552)	(851.948)
Receipts from subsidies		-	414.288
Net cash generated by / (used in) financing activities		**(20.343.119)**	**(2.631.490)**
Net variation of cash andcash equivalents		**(4.942.752)**	**5.333.258**
Cash and cash equivalentsat the beginning of the financial year	**32**	**7.834.580**	**2.501.322**
Cash and cash equivalentsat the end of the financial year	**32**	**2.891.828**	**7.834.580**

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Traian Simion
General Manager

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Financial Manager

1. GENERAL INFORMATION

Teraplast SA (the Company) is a public company founded in1992. The company's headquarters is in „Industrial Park Teraplast", DN 15A (Reghin-Bistrita), km 45+500, Bistrita- Nasaud county, Romania.

The company's main activities includethe production of PVC pipes and profiles, plastified and rigid granules, thermo-insulating glass, PVC and Aluminium windows and doors, polypropylene pipes, fittings and commercialization of cables, polyethylene pipes, steel pieces.

The company owns, together with another business partner, a commonly controlled unit,Politub SA (Politub). The main activities of Politub SA includethe production ofmedium and high density polyethylene pipes for transport and water distribution networks, gas, but also for telecommunication, sewage or irrigations.

In March 2007, the Company became the main shareholder of Plastsistem SA (Plastsistem) buying 52,77% of the shares.On 31 December 2013the ownership of Teraplast in Plastsistem is 78,71%.The main activity of Plastsistem is the production ofthermo-insulating panels with polyurethane foam for the building of warehouses.

The company owns another branch, Teraglass Bistrita SRL. It was foundedin 2011 and it ran for a few months having as object of activity the production and selling of windows, through the transfer of activity of the window division fromTeraplast SA. In August 2011, Teraplast SA has reintegrated in its activity the production andselling of windows and the activity of Teraglass Bistrita SRL terminated.

The Company has been preparing consolidated financial statements for Teraplast SA since 2007. These financial statements are available on the company's website (www.teraplast.ro).

2. MAIN ACCOUNTING POLICIES

2.1. Declaration of compliance

The Company's individual financial statementswere prepared according to the provisions of the Decree no. 1286/2012 for the approval of the accounting Regulations according to the International Standards of Financial Reporting, applicable to companies the securities of which are admitted to be traded on a regulated market, with the subsequent modifications and clarifications. These provisions are according to the provisions of the International Standards of Financial Reporting adopted by the European Union(„EU IFRS"), except for IAS 21 provisions *Effects of the variation of the exchange rates*on the functional currency.

In order to prepare these financial statements, according to the legislative provisions in Romania, the Company's functional currency is considered to be the Romanian Leu (RON).

2.2. Basics of accounting

The financial statementswere prepared according to the principle of business continuity, the convention of the historical cost adjusted to the effects of the hyperinflation up to 31 December 2003 for fixed assets, company capital and reserves, except for certain elements of fixed assets and real estate investments, as it is presented in the notes. The financial statementsare prepared according to statutory accounting records booked according to EU IFRS principles.The main accounting policies are presented below.

2 MAIN ACCOUNTING POLICIES(continue)

2.3. Continuity of activity

The current financial statementswere prepared according to the principle of business continuity, which supposes that the Company shall continue its activity in the foreseeable future. In order to assess the applicability of this assumption, the management analyzes the predictions on future cash input.

On 31 December 2013, the Company's current assets exceed current debts by1.641.081 RON (on 31 December 2012current assets exceeded current debts by993.417 RON). On the same date, the Company registered anegative global result of254.133RONcaused by the reduction of therevaluation reserve(2012: negative global result of 6.059.905 RON).

As it is detailed in Note29 a), the Company's degree of indebtedness is29% (31 December 2012: 33%), which indicates a moderate dependence of the Company on financing banks, as it is also described in Note 25.

The budget prepared by the Company's management and approved by the Board of Administration for 2014, indicates positive cash flow from operating activities, a growth in sales and profitability which contributes directly to the improvement of liquidity and will allow the Company to fulfill the contract clauses with the financing banks. Achieving the financial indicatorsfrom the contracts with the financing banksdepends on the Company's operational result andliquidity; therefore, if the established forecast is not reacheddue to different factors, including economical and political ones, these financial indicatorss might not be reached. The Company's management considers that the support received from banks will be enough so that the Company continue its activity under normal conditions, according to the principle of business continuity.
According to these analyses, the management considersthat the Company shall continue its activity in the foreseeable future and, as a consequence, applying the principle of business continuity in preparing financial statementsis justified.

2. MAIN ACCOUNTING POLICIES (continue)

2.4. Standards, amendmentsand new interpretations of standards

A) Modifications of accounting policies andof the information to be supplied

The accounting policies adopted are consistentwith the ones from the previous accounting period, except for the followingIFRS modified standards, which have been adopted by the Company startingwith 1 January 2013. Only those modifications in IFRS which arerelevant for the Company have been presented, taking into accountthe object of activity and the transactions made:

- **IAS 1 Presentation offinancial statements(modified) – presentation of other elements of the global result.**
- **IAS 19 Employees' benefits (revised)**
- **IFRS 7 Financial instruments: information to supply (modified) – compensatingfinancial assets and financial debts**
- **IFRS 13 Fair value assessment**
- **IFRIC 20 Stripping costs made in the production phaseof a surface mine**
- **Annual improvements of IFRS - Cycle 2009 -2011**

- **IAS 1 Presentation of financial statements(modified) – presentation of other elements of the global result**
  The modifications brought to IAS 1 change the group of elements presented intoother elements of the global result. The elements which could be reclassified (or "recycled") through the profit or loss accountin a future moment (for example, the net gain from risk coverof a net investment, exchange rate differencesat the conversion from the abroad operations, net movements from cash flow risk cover operationsor net loss or gainon financial assetsavailable for sale) shall be presented separately from the elementswhich shall never be reclassified (for example, actuarial gains and lossesregarding the determined benefit plans and the land and building revaluation). The modification concerns only the presentation and it doesn't have an impact on the Company's financial position or performance.

- **IAS 19 Employees' benefits(revised)**
- IAS 19 initiates several modifications onaccounting pension plans withdetermined benefits, includingactuarial gains and losses, which are now acknowledged inside other elementsof the global resultand are permanently excluded from the profit and loss account; the estimated efficiencyof the assets of the planwhich is no longer acknowledged in theprofit and loss accountbut, in exchange, there is a demand to acknowledge the interests ofdebts (claims) from the net determined benefits in the profit and loss account, calculatedby using the update rateused to assess the obligationregarding determined benefits. The benefits of corresponding periods ofthe service, which are not irrevocable, are now acknowledged in the profit and loss accountat the earliest: from the date when the modification appearsor on the date the restructuring costs or termination costs are acknowledged. Other modifications includenew descriptive information, as well as the sensitivity (quantity) analysis. There is no impact on the Company's financial statements.**IFRS 7 Financial instruments: information to supply (modified) – compensating financial assets and financial debts**
  These modifications state that an entitypresent information on thecompensation rights and their committments (for ex.: warranty contracts). They will supply the users with useful informationfor the assessment of the effectof compensation agreements on the financial position of an entity. The new information to be presented are meant for allacknowledgedfinancial instruments which are compensated, according to the demands „IAS 32 Financial instruments: presentation". The information presented also applies toacknowledged financial instruments which are compensatedaccording to a frame compensation agreementin effect ora similar contract, regardless if it is compensated or notaccording to IAS 32 demands. There is no impact on the Company's financial statements.

2. MAIN ACCOUNTING POLICIES (continue)

- **IFRS 13 Fair value assessment**
  IFRS 13 sets out one guiding sourceaccording to IFRS standards for all fair value assessments. IFRS 13 doesn't change the situations when an entitymust use the fair value, but offers guiding on the way in whichfair value must be assessedaccording to IFRS, when it (the fair value) is requested or allowed. The application of IFRS 13 hasn't significantly affectedthe fair value assessments made by the Companyduring previous periods. IFRS 13 also states, the supply of some specific informationregarding fair value, some of which replacethe demands to describethe existing information in other standards, including in IFRS 7 Financial instruments: information to supply. The standard refers to presentationaspects which have been included in the notes to the financial statementsand doesn't have an impact on the Company's financial position or performance.

IASB has issued the Annual improvements ofIFRS - Cycle 2009 -2011, which contains modifications of its standardsand the its Basis for conclusions. The project on the annual improvementsprovides a mechanism for the necessary,but not urgent, modificationof IFRS:

- ***IAS 1 Presentation of financial statements:***This improvement clarifies the difference betweenthe voluntary additional comparative information and the requested minimum comparative information. In general, the requested minimum comparative period is the previous period.
- ***IAS 16 Tangible assets:***This improvement clarifies the fact that the significant spare partsand the maintenance equipmentwhich meet the definition oftangible assets don't represent stocks.
- ***IAS 32 Financial instruments, presentation:***This improvement clarifies the fact that the tax on profit resulting from the amounts distributedto shareholders is introduced in accounting according to IAS 12 Tax on profit.
- ***IAS 34 Interim financial reporting:***The modification aligns the demandregarding the presentation of information on the total of segment assetswith the total of segment debtsin the interim financial statements. This clarification also ensures the fact thatthe interim information presented is aligned with theannual information presented.

B) Standardsissued, but which are not in effect yetand haven't been adopted earlier

- **IAS 28 Investments in associated entitiesand in joint ventures (revised)**
  The standard comes into force for annual periodsbeginning on or after 1 January 2014. As a consequence of the new standards IFRS 11 –Joint ventures and IFRS 12 –Presentation of information oninterests in other entities, IAS 28 –Investments in associated entitieswas renamedIAS 28 - Investments in associated entitiesand in joint venturesand it describes the application of the methodof equityfor investments in joint ventures, in addition to the investments in associated entities. This modification will have an impact on the Company's consolidated financial statements starting 1 January 2014.

- **IAS 32 Financial instruments: presentation (modified) – compensating financial assets and financial debts**
  The modificationcomes into force for annual periodsbeginning on or after 1 January2014. These modifications clarify the meaning of the phrase „currently has acompensation law enforcementfrom a legal point of view". The modifications also clarify, the application of the compensation criteria from IAS 32 on the settlement systems (like the systems of the central compensation house) which apply mechanisms of gross settlementwhich are not simultaneous.The management has estimated that these modifications won't have animpact on the Company's financial position or performance.

2. MAIN ACCOUNTING POLICIES (continue)

- **IFRS 9 Financial instruments: classification and evaluation and subsequent modificationsmade on IFRS 9 and IFRS 7 – Mandatory date of entering into effectand presentation of information on transition; Coverage against risksaccountingandIFRS 9, IFRS 7 and IAS 39 modifications**
  IFRS 9, as it was issued, reflectsthe first step of IASB activity to replace IAS 39 and it applies to the classification and assessment of financial assetsand financial debtsas they are defined by IAS 39. Adopting the first step of IFRS 9 shall have an effect upon the classification and assessmentof the financial assets, but shall not have any effect upon the classification and assessmentof the financial debts. In the following steps, IASB shall approach the **coverage against risks** accounting and the impairment of financial assets. The subsequent package of modificationsissued in November 2013 initiatesadditional accounting requestsfor the financial instruments. These modifications a) introduce a significant revision of the **coverage against risks** accounting, which allows entities to better present in their financial situationsthe activities of risk management; b) allow that the modifications for the approachof the aspect called „own credit" which were already included in IFRS 9 Financial instruments tobe applied isolated, without being necessary the modificationof other accounting ways of the financial instruments; and c) eliminatesthe date of 1 January 2015 as mandatory date of entering into effect of IFRS 9, in order to give enough timeto those who prepare the financial statementsto make the transition to the new demands. This standard and the subsequent modificationshaven't been adopted yet bythe EU.The company shall quantify the effect in correlation with the other steps, when the final standard is issued, including all the steps.
- **IFRS 10 Consolidated financial statements, IAS 27 Individual financial statements**
  The new standard comes into force for annual periodsbeginning on or after1 January 2014. IFRS 10 replaces the section from IAS 27 Consolidated and individual financial statementswhich approaches accounting for consolidated financial statements. It also approaches aspects included in SIC-12 Consolidation – Entitieswith a special purpose.
  IFRS 10 sets up a control model which applies to all entities, including entitieswith a special purpose. The modifications introduced by IFRS 10 will ask the management to exercisesignificant reasoningin order to determine which entitiesare controlled andthey must, therefore, be consolidatedby a mother-entity, compared to IAS 27 demands. The management hasn't finalized yet the analysis of the impact of these modificationson the Company's financial position or performance.

- **IFRS 11 Joint ventures**
  The new standard comes into force for annual periodsbeginning on or after1 January2014. IFRS 11 replaces IAS 31 Interests in joint venturesand SIC-13 Commonly controlled entities–Non-monetary contributions of the associates. IFRS 11 eliminatesthe option of accountancyof commonly controlled entities (ECC), applying the proportional consolidation. In exchange, ECC which meet the definition of a joint venturemust be accounted bythe equivalent method. This modification will have an impact on the Company's consolidated financial statements starting with 1 January2014.

- **IFRS 12 Presentation of informationon interests in other entities**
  The new standard comes into force for annual periodsbeginning on or after1 January2014. IFRS 12 includesall the information to be suppliedstated previously in IAS 27 regarding the consolidated financial statements, as well as all the other information to be supplied,stated previouslyin IAS 31 and IAS 28. The information refers to the investments of an entity in branches, joint ventures, associatesand structured entities. Also, new information to be supplied is stated.The modifications affect only the presentation and don't have an impact on the Company's financial position or performance.

2. MAIN ACCOUNTING POLICIES (continue)

- **Guidance regarding the transition to IFRS (modifications of IFRS 10, IFRS 11 and IFRS 12)**
  The guidancecomes into force for annual periodsbeginning on or after1 January2014, IASB has issued modifications of IFRS 10 Consolidated financial statements, IFRS 11 Joint ventures and IFRS 12 Presentation of relations with other entities. The modifications change the guidingson the passing to IFRS in order to supply additional exemptionsfrom the full retroactive application. The date of the initial application is defined in IFRS 10 as „the beginning of the annual reporting periodwhen IFRS 10 is applied for the first time". The evaluation of the control existenceis made on „the date of the initial application" and not at the beginning of the comparative period. If the evaluation of the controlhas different results according to IFRS 10 and IAS 27/SIC-12, retroactive adjustments must be determined. Still, if the evaluation of the control has the same results, the retroactive application is not necessary. If more than one comparative period is presented, additional exemptions are granted, setting up the restatement of a single period. Due to the same reasons, IASB has also modified IFRS 11 Joint ventures and IFRS 12 Presentation of relations with other entitiesin order to include provisions on exemptionsregarding the transition to the application of IFRS.The Company's management hasn't finalized yet the analysis of the impact of these modifications on the Company's financial position or performance.

- **IAS 36 Impairment of the assets (modified) – information to be supplied on the recoverable valueof the assetsother than financial**
  This modificationcomes into force for annual periodsbeginning on or after1 January2014. The modifications remove theunintended consequences of IFRS 13 on the information to be supplied mentioned in IAS 36. Also, these modifications state the presentation ofrecoverable valuesof the assets or cash generating unitsfor which losses from impairment during the period were acknowledged or reversed. The management has estimated that these modifications won't have an impact on the Company's financial position and performance.

- **IAS 19 Plans of determined benefits (modified): employees' contributions**
  The modification comes into force starting with 1 July 2014. The modification applies to contributions on behalf of the employeesor third partiesinside the plans of determined benefits. The object of the modification is to simplifythe accounting operations regarding contributionswhich are independent from the employees'seniority, for example, the employees' contributions which are calculatedaccording to a fixed percentage from the salary. This modification hasn't been adopted by the EU yet. The management has estimated that these modifications won't have an impact on the Company's financial position and performance.

- **Interpretation of IFRIC 21: Taxation**
  The interpretationcomes into force for annual periodsbeginning on or after1 January2014. The standard interpretation committeewas asked to analyze the way in whichan entity should accountthe debts so as to pay the taxes imposed by the authorities, others than the tax on profit, inside its financial statements. This interpretation is an interpretation of IAS 37 Provisions, contingent debts andcontingent assets. IAS 37 sets up the criteria for the acknowledgement of a debt, one of them imposing that an entityshould have a current obligationresulted from a past event (known as a binding event). The interpretation clarifies the fact that a binding eventwhichsets up a debtregarding the payment of a taxis that activity stated in the relevant legislation, which determines the payment of a tax. This interpretationhasn't been adopted by the EU yet.The Company's management hasn't finalized yet the analysis of the impact of these modifications on the Company's financial position and performance.

2. MAIN ACCOUNTING POLICIES (continue)

IASB has issuedthe Annual Improvements of IFRS – Cycle 2010 – 2012, which represents a collection of modifications of IFRS. The modificationscome into force for annual periodsbeginning on or after1 July 2014. These annual improvementshaven't been adopted by the EU yet.The modifications detailed belowaffect only the presentationor don't have an impact on the Company's financial position and performance.

- ***IFRS 2 Share-based payment :*** This improvement modifiesthe definition of the „vesting condition" and of the „market condition" and adds definitions for the „performance condition" and „service condition" (which were previously included in the definition ofthe „vesting conditions").
- ***IFRS 3 Enterprise combinations:*** This improvement clarifies the fact that a contingent transactionin an enterprise acquisitionwhich is not classified as equityis subsequently assessedat fair valueby profit orloss regardless if it belongs or not to the field of application of IFRS 9 Financial instruments.
- ***IFRS 8 Segmentsof activity:***This improvement states that an entitypresent the reasoningissued by the management memberswhen they applythe aggregation criteriafor the segments of activityand clarifies the fact thatan entitypresent only reconciliations of the totalof reporting segment assetswith the assets of the entityif the segment assets are reported on a regular basis.
- ***IFRS 13 Fair value assessment:*** This improvement from the Basis for conclusions from IFRS 13 clarifies the fact that, by issuing IFRS 13 and the modification of IFRS 9 and IAS 39, the possibilityto assess receivables and short term debtswhich don't have a declared interest rate at their invoicing value, without update, if the non-update effect is not significant, hasn't been eliminated.
- ***IAS 16 Tangible assets:***The improvement clarifies the fact that, at the time of the revaluationof a tangible asset element, the gross accounting value is adjusted so as to correspond to the revaluation value of the fair value.
- ***IAS 24 Presentation of informationregarding affiliated parties:***The improvement clarifies the fact that an entitywhich supplies services ofmanagement key-personnelfor the reporting entityor for the mother-companyof the reporting entityis an affiliated partyof the reporting entity.
- ***IAS 38 Intangible assets:***The improvement clarifies the fact that, at the time of the revaluation of an intangible asset, the gross accounting value is adjusted so as to correspond to the revaluation value of the fair value.

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- ***IFRS 3 Enterprise combinations:***This improvement clarifies the fact that IFRS 3 excludesfrom its scopethe setting up of a joint venture inside the financial statements of the joint venture itself.
- ***IFRS 13 Fair value assessment:***This improvement clarifies the fact that the exception area regarding the portfolio, as it is defined at point 52 of IFRS 13, includes all the contracts accountedaccording to the scope of IAS 39 Financial Instruments: acknowledgement and assessmentor IFRS 9 Financial Instruments, regardless if they meet or not the definition of the financial assetsand of the financial debtsaccording to the definition from IAS 32 Financial Instruments: presentation.
- ***IAS 40 Real estate investments:*** This improvement clarifies the fact that, in order to determine if a certain transactionmeets both the definition of an enterprise combinationaccording to the definition from IFRS 3 Enterprise Combinations, as well as of a real estate investmentaccording to the definition fromIAS 40 Real estate Investments, the application of the two standards must be made independent from each other.

2. MAIN ACCOUNTING POLICIES (continue)

2.5. Cash and cash equivalent

Cash and cash equivalent includeliquid assetsand other equivalent values, consisting ofcash in, short term depositsdue up to 3 months.

2.6. Acknowledgement of revenues

Revenues are measured at the fair value of the amounts collectedor which are going to be collected,net from VAT. Revenues are reduced with the value of the goods returned, commercial discounts and other similar costs.

Selling of goods

The revenues from the selling of goodsare acknowledged when the following conditions are met:

- The company has substantially transfered to the buyerall the risks and benefitsof the ownership right upon the goods;
- The company doesn't retain any managerial involvement associated usually to the ownership rightnor the effective control over the goods sold;
- The sum of revenues can be measuredin a reliable manner;
- It is likely that the economical benefits associated to the transactionenter the entity, and the costs registered or which are going to be registered regarding the transactioncan be measuredin a reliable manner;
- The commercial discountsgranted subsequently to invoicingare registered in the profit and loss account as minus in the operating incomes.

Revenues from service selling and other revenues

Revenues for services supplied are acknowledgedas they are achieved.

Revenues from royalties are acknowledgedon the basis of the principles of committment accountingaccording to the economical substance of those contracts.

Revenues from dividends and interests

Revenues from dividends of investments are acknowledged when the shareholders' right to collect them is set up.

Revenues from interests are registered temporarily, by reference to the due capitaland to the effective interest rate applicable, which is the exact discount rateof future cash collections estimatedduring the lifetime of the financial asset, up to the net accounting value of the respective asset.

2.7. Leasing

Leasing is classified as financial leasingwhen the leasing terms transfer substantially all the risks and benefitsof the ownership right to thelessee. All the other types of leasing are classified as operational leasing.

The assets owned by financial leasing are acknowledged initially asCompany assets at the fair value from theinitial phase of its leasing or, if they are lower, to the current value of the minimum leasing payments. The corresponding debt towards the lesseeis included in the balancesheet as obligation of financial leasing.

The leasing payments are dividedbetween the financial costsand the reduction of the leasing obligation, so as to obtain aconstant interest ratefor the remaining balance of the debt. The financing costs are registered directly in the profit and loss account.

2 MAIN ACCOUNTING POLICIES (continue)

The payments of operational leasing are acknowledged as expensethru the linear method, over the leasing term. Potential rentals in the operational leasing are recognized as expensein the period when they appear.

Sales and leaseback transactions involve the selling of an assetand the renting of the same asset in terms of leasing by the seller. The leasing payments and the sales price are usually interdependent, as they are negotiated together. The accounting treatment of the sales and leaseback transaction depends on the type of leasing contract. If leaseback is also a financial leasing, the transaction is a means by which the lessee supplies the lessor with financing, the asset being used as warranty. That is why, it is not adequate to consider as revenue the sum of collections from salewhich exceeds the acounting value. This amount which exceeds the accounting value is impaired and depreciatedduring the leasing period. If the result of a sales and leaseback transaction is an operational leasing and it is obvious that the transaction is made at the fair value, any profit or loss must be acknowledged immediately.

2.8. Currency transactions

The Company operates in Romania and its functional currency is the Romanian leu(RON).

In preparing the Company's financial statements, the transactions in other currencies than the functional currency are registered at the exchange rate in effect on the date of the transactions. Monthly and on the date of each balance sheet, the monetary elements denominated in currency are converted at the exchange rates in effect on those dates.

The assets and monetary debts expressed in currency at the end of the year are converted into RON at the exchange rate valid at the end of the year. The gains and losses from differences of exchange rate not achieved are presented in the profit and loss account.

The RON exchange rate for 1 unit of foreign currency:

	31 December 2012	31 December 2013
1 EUR	4,4287	4.4847
1 USD	3,3575	3.2551
1 HUF	0,0151	0,0151

The non-monetary elements which are measured at the historical cost in a foreign currency are not reconverted.

2.9. Costs for long-term loans

The costs for long-term loansattributable directly to the acquisition, construction or production of assets, which are assets which need a substantial period of timein order to be used or for saleare addedto the cost of those assets, up to the moment when the respective assets are ready to be usedfor their purpose or for sale. The revenues from temporary investmentsof loans, until these loans are spent on assetsare deducted from the costs oflong-term loans eligibile for capitalization.

All the other costs of the loan are acknowledged in the profit and loss account in the period when they appear.

2 MAIN ACCOUNTING POLICIES (continue)

2.10. Government subsidies

Governement subsidies are not acknowledged until there is a reasonable ensurance that the Companymeets the conditionsof these subsidies and until subsidiesare received.

Governement subsidies the main condition of which is that the Companybuy, build or obtain otherwiseassets in the long termare acknowledged as revenues registered in advance in the balance sheetand are transferred in the profit and loss account systematically and rationallyover the useful lifetime of the respective assets.

Othergovernement subsidies are acknowledged systematically as revenuesin the same periodwith the costs it intends to compensate. Governement subsidies to be received as compensationfor expenses or losses already registeredor in order to grant immediate financial aid to the Company, without other future costs, are acknowledged in the profit and loss account when they are due.

Subsidies received in order to buy assetslike tangible assetsare registered as subsidies for investmentsand are acknowledged in the balance sheet as delayed revenue.Delayed revenue is acknowledged in the profit and loss account as depreciation expenses are registered or in the case of cassation or transfer of the assets boughtfrom the respective subsidy.

2.11. Costs of pension rights

According to the work collective contract, the Company shall pay a pension benefitto its employees according to their seniority in the Company, on an average, 2 salaries.The company has registered a provision for such payments and it revises this provision every year according to the employees' seniority in the Company.

2.12. Contribution for employees

The company pays contributions to the state budget of social insurances, to the pension and unemployment fund, at the levels established by the current legislation. The value of these contributions is registeredin the profit and loss account in the same period with the expense correspondingto salaries.

2.13. Taxation

The expense with tax on profit represents the amount of the current tax and of the delayed tax.

Current tax

Current tax is based on the taxable profit of the year . Taxable profit is different from the profit reported in the profit and loss account, as it excludes the elements of revenues and expenses which are taxable or deductible in other years and it also excludes the elements which are never taxable or deductible. The Company's debt regarding current tax is calculated by using the tax rates in effect or substantially in effect on the date of the balance sheet.

2. MAIN ACCOUNTING POLICIES (continue)

Delayed tax

Delayed tax is acknowledged on the differencies between the accounting value of the assets and debts from the financial situations and the corresponding tax bases used in the calculation of taxable profit and it is determined by using the method of the balance sheet liability. Debts with delayed tax are generally acknowledged for all temporary taxable differences, while the assets of delayed tax are acknowledged to the extent in which it is likely there should be taxable profits on which we can use those deductible temporary differences. Such assets and debts are not acknowledgedif the temporary difference comes fromthe commerce fund or from the initial acknowledgement (other than a combination of enterprises) of other assets and debtsin a transaction which affectsneither the taxable profitnor the accounting profit.

Debts with delayed tax are acknowledged for the taxable temporary differences associatedto the investments in branches and with interests in joint ventures, except for the cases when the Companycan controlthe reversal of the temporary differenceand it is likely that the temporary difference might not be reversed in the foreseeable future. Active delayed tax coming from deductible temporary differences associated with such investments and interests are acknowledgedonly to the extent in whichit is likely there are sufficient taxable profitsover which to use the benefits of the temporary differencesand it is estimated that they will be reversed in the forseeable future.

The accounting value of the assets with delayed tax is revised on the date of each balance sheet and it is reduced to the extent in which it is not likely there should be enough taxable profits to allow the entire or partial recovery of the asset.

Assets and debts with delayed tax are measured to the tax rates estimated to be applied during the period in which the debt is settled or the asset is achieved, according to the tax rates (and the fiscal laws) in effect or entered in effect substantially up to the date of the balance sheet. Measuring assets and debts with delayed tax reflectsthe fiscal consequences of the way in which the Company estimates, on the reporting date, that it shall recover or settle the accounting valueof its assets and debts.

Assets and debts with delayed taxare compensated when there is an applicable rightto compensate them similar to the current assets and debts with tax and when they relate to the taxes on revenueimposed by the same fiscal authority, and the Company intends to compensate itsassets of delayed tax with the debts of delayed taxon net basis.

Current and delayed tax of the period

Current and delayed tax are acknowledged as expense or revenue in the profit and loss account, except for the cases in which it refers to credited or debited elements directly in other elements of the global result, case in which tax is also acknowledged directly in other elements of the global result or the cases in which they come from the initial accounting of an enterprise combination.

2. MAIN ACCOUNTING POLICIES (continue)

2.14. Tangible assets

Tangible assets, less lands and buildings,are presented at cost, net from the accumulated depreciation and/or the accumulated impairment, if it's the case. This cost includesthe cost of replacing the respective tangible assetat the time of the replacement andthe cost of indebtedness for the construction projects in the long run, if the criteria of cost acknowledgement are met. When significant parts of the tangible assetsmust be replaced at certainperiods of time, the Company acknowledges the respective partsas individual assetswith specific useful lifetime and itdepreciates them accordingly. Also, in case of a general inspection, its cost is acknowledged in the accounting value of the tangible assetas a replacement, if the criteria of acknowledgement are met. All the other costs with repairs and maintenanceare acknowledged in the profit and loss accountwhen they are made. The current value of the forecast costsfor the cassation of the assetafter its use isincluded in the cost of the respective assetif the criteria of acknowledgement of a provision are met.

Lands and buildings are registered at fair value minus the accumulated depreciation of buildings andlosses from impairmentacknowledged after the revaluation date. The revaluations are frequently madein order to ensure that the fair value of the revaluated assetis not significantly different from the accounting value. The accumulated depreciation on the revaluation dateis eliminatedfrom the accounting value of the asset and the net amountis retreated at the revaluated value of the asset.

Any surplus from revaluation is booked to other elementsof the global income and, thus, credited in the reserve from the revaluation of assetsfrom equities, except to the extent in which itresumes a reduction from the revaluation of the same assetacknowledged previously in the profit and loss account and, in this case, the increase is acknowledged in the profit and loss account. A deficit from revaluation is acknowledged in the profit and loss account, except for the case when it compensates a surplus existingfor the same asset, acknowledged in the reservefrom the revaluation of the assets.

At disposal, any revaluation reservewhich refers to the respective assetwhich is going to be sold is transferredto the reported result.

An element of tangible assetsand any significant part ackowledged initially areeliminated from the balance sheetupon disposal or when no economical benefit is expectedfrom their use or from their disposal. Any gain or loss resulting from the elimination from the balance sheet of an asset (calculatedas the difference between the net collections at disposaland the accounting value of the element) is includedin the profit and loss accountwhen the asset is eliminated from the balance sheet.

The residual value, the useful lifetime and the depreciation methodsare revised every end of financial period and adjusted retrospectively, if it's the case.

The properties under construction forproduction, rent, administrative orfor undetermined purposesare still registered at historical cost, less the impairments of value.The depreciation of these assetsbegins when assets are ready to be used.

The equipment and installations are registered in the balance sheetat their historical value adjustedto the effect of the hyperinflation until 31 December 2003, according to IAS 29 *Financial reporting in hyperinflationist economies* diminished by the subsequently accumulated amortization and other losses of value.

Depreciation is registered in such a way as to reducethe cost of assets up to the residual value, other than that of lands and properties under construction, during their estimated lifetime, by using the linear method. The estimated useful lifetime, the residual values and the depreciation methodare revised at the end of each year, resulting in modifications in future accounting estimations.

The assets owned in financial leasing are depreciated duringthe useful lifetime, similar with the assets owned, if the leasing duration is shorter, during the respective leasing contract.

2 MAIN ACCOUNTING POLICIES (continue)

The loss or gaincoming from the selling or disposalof a tangible assetare calculatedas difference betweenrevenues from sales and the net accounting valueof the assetand are acknowledged in otherexpenses.

The maintenance and repairsof tangible assetsare registered as expenses when they appear, and the significant improvementsbrought to tangible assets, which increase their valueor lifetime, or which significantly increasethe ability to generate some economical benefits by themare capitalized.

The following useful lifetimes are used to calculate depreciation:

Buildings	20 – 50 years
Machinery and equipment	3 –15 years
Vehicles in financial leasing	5 –6 years
Installations and furniture	3 –10 years

2.15. Fixed assets (or groupsintended for transfer) held for sale

The fixed assets (or groups intended for transfer) are classified as assetsheld for salewhen the accounting valueis going to be recoveredmainly by sale, and the sale is considered likely.They are registered at the lowest valuebetween the accounting value andthe fair valueless the selling costs, ifthe accounting valueis going to be recoveredmainly by saleand not by their continued use, and if the selling is considered very likely.

These are classified as current assets if the sellingis likely to take place within 12 months from the date of the individual situation of the financial position.

2 MAIN ACCOUNTING POLICIES (continue)

2.16. Real estate investments

Real estate investments are evaluated initially at cost, including the costs of the transaction. After the initial acknowledgement, real estate investments are presented at fair value, which reflects the market conditions on the reporting date. Gains or losses generatedby modificationsof the fair valueof real estate investmentsare included in the profit and loss account of the period when they appear. Fair values are evaluated annually by an external independentaccredited evaluator, by applying the evaluation model recommendedby the Committee for International Evaluation Standards.

Real estate investments must be eliminated from the balance sheetupon selling or when the real estate investmentis definitely withdrawn from useandthe appearance of future economical benefits from its selling is no longer forecast.

The difference betweenthe net collections from selling and the accounting value of the asset is acknowledged in the profit and loss account in the period when it is eliminated from the balance sheet.

The transfers in and from the category of real estate investmentsaremade only if there is a modification of use. For the transfer of a real estate investment in the categoryof real estate propertiesused by theowner, the alledged cost of the propertyfor its subsequent accountingis its fair valuefrom the date of the modification of use. If a real estate property used by the ownerbecomes a real estate investment, the Company accounts it according tothe policy stated attangible assets up to the date of the modification of use.

2.17. Intangible assets

Intangible assets bought separatelyare reported at cost minus accumulated depreciation/impairment. Depreciation is calculatedaccording to the linear methodduring its useful lifetime. The estimated useful lifetime and the depreciation method are revised at the end of eachreporting period, resulting in modifications in future accounting estimates.

The following useful lifetimes are used to calculate depreciation:

Licenses	1 – 5years

2.18. Impairment of tangible and intangible assets

On the date of each balance sheet, the Company revises the accounting values of tangible and intangible assets in order to determine if there is any indication that those assets suffered losses by impairment. If there is such an indication, the recoverable amount of the asset is estimated to determine the size of the loss by impairment. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable value of the cash generating unit to which the asset belongs. Where a consistent allotment basis can be identified, the company's assets are also alloted to some individual cash generating units or to the smallest group of cash generating units for which a consistent allotment basis can be identified.

The intangible assets with indefinite lifetime andthe intangible assets which are not yet available to be used are tested annuallyfor impairmentand anytime there is an indication that it is possible that the asset be impaired.

2 MAIN ACCOUNTING POLICIES (continue)

The recoverable amount is the highest valuebetween the fair value minus selling costs andthe use value. In the assessment of the use value, future estimated cash flowsare discounted at the current value by using a discount taxbefore taxing, which reflects current market evaluationsof the temporal valueof the money and the specific risks of the asset, for which future cash flows haven't been adjusted.

If the recoverable value of an asset (or of a cash generating unit) is estimated to be lower thanits accounting value, the accounting value of the asset (of the cash generating unit) is reduced to the recoverable value. A loss by impairment is acknowledged immediatelyin the profit and loss account.
If a loss by impairment is subsequently reversed, the accounting value of the asset (of the cash generating unit) is increased to the revised estimateof its recoverable value, but so as that the revised accounting valueshouln't exceed the accounting valuewhich would have been determinedif no loss by impairment hadn't been acknowledged for the respective asset (cash generating unit) in previous years. A reversal of the loss by impairmentis acknowledged immediatelyin the profit and loss account.

2.19. Stocks

Stocks are registered at the lowest valuebetween cost and the net realizable value.The net realizable value represents the sales price estimated for stocks minus all the costs estimated forfinalization and sales costs. The costs, including a corresponding partof the indirect fixed and variable expensesare alloted to stocksheldby the most adequate methodof the respective class of stocks, most of them being evaluated according to the weighted average. The finished products, semifabricatesand production in progressare evaluated atactual cost. For the following classes of stocks, the weighted average cost method is used:raw material for pipes/tubes, goods, inventory objects/small pieces,packing materials, consumables.

2.20. Company capital

Common shares are classified in equity.

Upon the buyout of the Company's sharesthe amount paid will diminishthe equityattributable to the company's owners of equity, by the reported result, until they are cancelled or re-issued. When these shares are subsequently re-issued, the amount received (net from the transaction costsand effects of the tax on profit) is acknowledged in equityattributable to the company's owners of equity.

2.21. Dividends

The dividends of the ordinary sharesare acknowledged as a debtto the shareholders in the financial statements in the period when they are approvedby the company's shareholders.

2 MAIN ACCOUNTING POLICIES (continue)

2.22. Provisions

Provisions are acknowledged when the company has a current obligation (legal or implicit) as a result of a past event, when it is likely that the Company mustextinguish the obligation and when a reliable estimate of the amount of the respective obligation can be made.

The amount acknowledged as provisionis the best estimate of the amount necessary to extinguish the current obligationon the date of the balance sheet, taking into account the risks anduncertaintiesof the obligation. If a provision is evaluated by using the cash flows estimated to extinguish the current obligation, the accounting value is the current value of the concerned cash flows.

2.23. Reporting on operational segments

Reporting on segments of activity is madein a consistent manner with the internal reporting to the main operational decision factor. The main operational decision factor, who is responsible with the allotment of resources and the evaluationof performance of the activity segments was identifiedas being the Board of Administration,who takes the strategic decisions.

2.24. Financial assets and debts

The Company's financial assets includecash and cash equivalent, trade receivables and long-term investments. The financial debts includethe obligations of financial leasing, interest bearing bank loans, overdraftsand commercial debtsand other debts. The accounting policies regarding the recognition and evaluation of each elementare presented in this note. The management considers that the estimated fair values of these instruments approximate their book values.

Loans are initially acknowledged at the fair value, minus the costs with the respective operation. Subsequently, they are registered at depreciated cost. Any difference between the input valueand the reimbursement value is acknowledged in the profit and loss accountduring loans, by using the method of effective interest.

Financial instruments are classifiedas debtsor equityaccording tothe substance of the contract arrangement. Interests, dividends, gains and lossesof a financial instrument classified as debtare reported as expense or revenue. Distributions to the owners of financial instruments classifiedasequity are bookeddirectly in equity. Financial instruments are compensated when the Companyhas a legal applicable lawto compensate and it intends to settleeither on net basis, either to achieve the asset and to simultaneously extinguish the obligation.

The classficiation of investments depends on their nature and purposeand it is determined on the date of the initial acknowledgement.

2 MAIN ACCOUNTING POLICIES (continue)

Financial assets at fair value by profit or loss

Financial assets at fair value by profit or loss includethe financial assets owned in order to be traded and the financial assetsassigned at the initial acknowledgement at the fair valueby profit or loss. Financial assets are classified as being held in order to be tradedif they are obtainedfor sale or rebuywithin the closest term. Derived instruments, including derived instruments incorporated separately, are also classified asheld to be tradedunless they are assigned as efficient instrumentsof risk cover according to IAS 39. Financial assets at fair value by profit or lossare accounted in the statement of the financial position at fair value, and the modifications of the fair valueare acknowledged inthe financial revenues orfinancing costsfrom the profit and loss account.

Financial assets assigned at the initial acknowledgement at the fair valueby profit or lossare assignedat their initial acknowledgement dateonly if the criteria according IAS 39 are met. The company concluded forward contracts on currency and SWAP contracts on the interest rate, which have then been assigned - as financial assets at fair value by profit or loss.

Financial assets available for sale (DPV)

The shares owned in anunquoted equityinstrument of are classified as DPV and are registered at fair value in other elementsof the global result. Gains and losses coming from modifications in fair value are acknowledged directly in equity, in revaluation reserves of the investments, except for the impairment losses , the interests calculatedby using the method of effective interest and the gains and losses fromthe currency exchange of the monetary assets, which are acknowledged directly in the profit and loss account. If the investment is soldor it is found to be impaired, the gain or loss cumulatedpreviouslyacknowledged in the revaluation reserve of the investments is included in the profit andloss account of the period.
The dividends from DPV capital instruments are acknowledged in the profit andloss account when the Company's right to collect them is set up.

Impairment of financial assets

Financial assets are evaluatedfor impairmenton each date of the balance sheet.

Financial assets are impairedwhen there is objective proof that one or more events occured after the initial acknowledgementhad an impact on the future cash flow of the investment.

For the shares available for sale, a significant or prolonged decline of the fair value of these curities under its cost is considered an objective proof of the impairment.

Certain categories of financial assets, like customers, assets evaluatedasnot impaired individually are subsequently evaluatedfor impairment collectively. Objective proof for theimpairment of a receivables portfoliocan include the past experience of the Companyregarding collective payments, an increase ofthe payments delayedover the credit period, as well as visible modificationsof the national and local economical conditions,which correlates with the payment incidentsregarding receivables.

The accounting valueof the financial assetis reduced with the impairment loss, directly for all financial assets, except for trade receivables, in which case the accounting valueis reduced byusing an impairment adjustment account . If a debtis considered to bebad, it is eliminated andreduced from theimpairment adjustment account. Subsequent recoveries of the amountspreviously eliminatedare credited in the impairment adjustment account. Modifications in the accountig value of the impairment adjustment accountare acknowledged in expenses with provisions, adjustments forimpairment and depreciation.
MAIN ACCOUNTING POLICIES (continue)

Assets and debts eliminated from the balance sheet

The company eliminatesfinancial assetsfrom the balance sheetonly when the contract rightson the cash flowsof the assets expire; or transfers the financial assetand, substantially, all the risks and benefits of the

2. MAIN ACCOUNTING POLICIES (continue)

asset to another entity.
The company eliminates financial debts from the balance sheetonly if the Company's obligations were paid, cancelled or expired.

2.25. Fair value assessment
An entity evaluatesfinancial instruments and non-financial assets, like real estate investments, at fair valueon each date of the balance sheet. Also, fair values of the financial instruments evaluatedat depreciated cost are presented in Note 29 i).

Fair value represents the price which could be receivedfrom selling an assetor paid for the transferof a debtinside a transaction, among the participants on the market on the evaluation date. Fair value assessment is based on the principle thatthe transaction of selling the goods ortransferring the debttakes place either:

- On a market representative for the assets and debts evaluated or
- If there is no representative market, the most advantageous market for the respective assets and debts is used.

The principle of the most advantageous marketmust be accessible to the Company.

An entity must evaluatethe fair value of an assetor of a debtbased on the assumptionsthe participants on the market would usewhen the price of the asset or of the debt is set up, assuming they actin order to maximize their economical interests.

Fair value assessment of a non-financial assetis based on the participant's ability on the market to generate economical benefitsby the best use of the asset orby its selling to anotherparticipant on the market, which could maximize the use of the asset.

An entity uses appropriate evaluation techniquesunder the conditions givenand for which there is enough information availablein order to achieve the fair value assessment, maximizingthe use of relevant available informationand reducing to minimum the use of the data which is not available.
All the assets and debtsevaluated at fair valuein the financial statements orother information forfair value assessmentare presented in the financial statements, they must be set in the fair value hierarchy, asitis described below, according to the most reduced level of significant informationtaken into accountupon the setting up of the fair value:

- Level 1- Market prices(not adjusted)available directlyon the active markets for assets or debts identical to the ones evaluated
- Level 2 – Evaluation techniquesfor which the lowest significant level of information availablefor fair value assessmentcan be observed directly or indirectly
- Level 3- Evaluation techniquesfor which the lowest significant level of information availablefor fair value assessmentcannot be observed

For the assets and debts acknowledged in the financial statementsrecurrently, at the end of each reporting period, the entity determines if there are situations when certain assets or debtsmoved among the levels defined by thefair value hierarchy(according to the lowest level of informationwhich is significant for the fair value assessment).

External evaluatorsare involvedin the assessment of significant assets, like real estate investmentsand financial assets available for sale. The external evaluators' involvementis decided annually by the Company's management. The selection criteria of the external evaluators involved includeknowledge of the market, reputation, independenceand professional standards, if they are mentioned.

2. MAIN ACCOUNTING POLICIES (continue)

On each reporting date, the Company's management analyzesthe movements in the values of theassets and debtswhich need revaluationor reupdate of the fair value according to the Company's accounting policies.

The Company's management, in collaboration with the entity's external evaluators, also compares, each modification from the fair value of each assetand of each debtwith external relevant sourcesin order to determineif the change is reasonable.

For the notes and presentations of the fair value, the Company will determine groups of assets and debtsaccording to their nature,characteristics and risk degree of each element evaluated, as well as according to the level appliedfrom the fair value hierarchy, as it is defined above.

2.26. Use of estimates

For preparation of financial statements, the management needs to make some estimates and presumptions which affects the reported amounts of the assets and debtsand the presentation of the potential assets and debts on the date of the balance sheet, as well as the reported amounts of revenues and expensesduring the reporting period. The actual results can be differentcompared to these estimates. The estimates andpresumptionson which they are basedare permanently revised. The revisions of the accounting estimatesare acknowledged in the periodwhen the estimate is revised, if this revision affects onlythe respective periodor during the revision period and in future periods, if the revision affects both the current period and future periods.

3. SIGNIFICANT ACCOUNTING REASONING, ESTIMATES AND HYPOTHESES

3.1. Reasoning

During the application of the Company's accounting policies, the management has made the following reasoning, with the biggest effect onthe amounts acknowledged in the individual financial situations:

Real estate investments

The company owns some assets for which the managementtook the decision to reclassifythem as real estate investments, thus:

- The Company owns a land and a building (previously used as headquarters), situated in Romana str., Bistrita. In January 2012, the Management took the decision that the final destination of the landisto be heldfor the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, the land was classified in January 2012 as real estate investment.
- In December 2012, the assets previously transferred toSC TeracotaBistrita SRL were resumed. The Management took the decision that the final destination of the resumed landis to be held for the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, the land was classified in December 2012 as real estate investment, being evaluatedat fair value this time.
- The Company owns lands and buildings (previously used as area warehouses), situated in Oradea, Constanta and Bucharest. In 2013, the Management took the decision that the final destination of theses lands and buildings is to be held for the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, the lands and buildingswere classified in 2013 as real estate investments, being evaluatedat fair valueon 31 December 2013.

More details on these assetsand their classification are included innotes 9 and 16.

3.2. Estimates and hypotheses

The main hypothesesregarding the future and other important causesof the uncertainty of estimates on the reporting date, which have a significant risk of causing a significant adjustmentof the accounting values of the assetsand debts in the following financial year, are presented below. The Company based its hypotheses and estimateson the parameters availableon the date of preparing the individual financial statements. Still, the existing circumstances and hypothesesregarding future evolutionscan be modifeddue to the changes on the marketor the circumstances which cannot be controlled by the Company. These modifications are reflected in hypotheses when theyoccur.

Revaluation of tangible assetsand of real estate investments

The Company is booking its real estate propertiesat fair value, and the modifications of the fair valueare acknowledged in the profit and loss account. Besides, it evaluates lands and buildingsat revaluated value, and the modifications in fair valueare acknowledgedin other elements of the global result, except the ones that are recognized in the profit and loss acount. The Company has contracted independent evaluation specialists in order to establish the fair valueon 31 December 2012 and 31 December 2013. Real estate investments (lands and buildings), as well as lands and buildings (registered as fixed assets) were evaluatedby comparison withexisting proof on the market, by using comparable prices, adjustedaccording to specific market factors, like nature, location and state of the property.

3. SIGNIFICANT ACCOUNTING REASONING, ESTIMATES AND HYPOTHESES (continue)

Impairment of intangible and tangible assets

In order to determine if the loss from impairmentof an intangible or tangible assetmust be acknowledged, a significant reasoning is imposed. In order to take this decision, at the level of each cash generating unit (UGN), the Company compares the accounting value of these intangible or tangible assetswith the highest of the fair value of the cash generating unit, less the sales costsand its use value, which shall be generated by the intangible and tangible assetsof the cash generating unitsfor the remaining use duration. The recoverable valueused by the Companyfor each cash generating unit in order to evaluate impairmentwas represented by the use value.

In the current economical context, the Company has analyzed the internal and external information sources and it has concluded that there are indices of asset impairment. The Company takes into accountthe relation between its market capitalization and its accounting value, among other factors, when it revises its impairment indices. Therefore, the Companyhas decided the estimate of the recoverable value of tangible assets, according to IAS 36. Following the exercise made, it has resultedthat it is not necessary to register an impairment provision of the assets.

The impairment testmade by the Companyis based on determining the use value, taking into accountthe current value of the future cash flows. Cash flows were determinedaccording to the budget for2014and the forecast for the following 4 years. The terminal value was setbased on the cash flows forecast for2018.

Cash generating units identified are:
- Cash generating unit Installations and paneling;
- Cash generating unit Granules;
- Cash generating unit Joinery Profiles (2012: PVC joinery);
- Cash generating unit Teraglass.

The discount rate before taxingapplied to the projections of cash flowswas set up at the level of each cash generating unit, the level varying between 9,43% and 11,95% (2012: between 11.50% and 13.30%), representing the best estimate of the Companywith regards to the standard applicable to industry. Discount rates representthe current market evaluation of the risks specificto each cash generating unit, taking into account the value of moneyin time and the individual risks of the assets. The calculation of the discount rateis based on thespecific circumstances of the Companyand on its operational segments and it results from its weighted average cost of the capital.

The test of analysis of the impairmentinvolved the following basic hypothesisand estimates: prices, costs,gross margin and volumes sold.

For the sales prices and costsof the operational activity,were taken into account higher increases than the level of the inflation rate estimated for each year. In the case of estimating volumes on the forecast horizon, scenarios with different rhythms of volume increase were taken into account, taking into consideration the management's past experience as well as its future plans.

The average growing rates of the Companytaken into consideration were used thus:
- For the cash generating unitInstallations and paneling, the management estimates that turnover will increase in the next 5 years on an averag ewith an annual rate of 8.7% over the level from 2013.;
- In the case of the cash generating unitGranules, the management estimated a cumulated growthfor the next 5 years of 5%;
- For the cash generating unitTeraglass, the management estimates that sales will grow in the following 5 yearswith an average rate of 11%. This growth is over the industry average andthe management estimates this evolutionbased on the fact that this cash generating unit isin the development period on the Western European markets;
- The cash generating unit Joinery Profiles has estimateda cumulated growth rate of turnoveron the projection period of 11.5%. This growth is over the industry average andthe management estimatesthat this growth shall also be sustained by the development of Teraglass.

3. SIGNIFICANT ACCOUNTING REASONING, ESTIMATES AND HYPOTHESES(continue)

For 2014, the Company continues to estimate a growth compared to 2013 due to the actions and projects undertaken for the increase of the market share.

The Company has taken into account both the information available from previous years, the production capacity for each cash generating unit, the consolidation of relations with the existing customers, as well as the potential of an external market.

The gross margin used in the evaluationis based onaverage values obained in the last year of activityas well as on the efficiency and optimization measuresof the production implementedduring 2013 which showed an improvementof results in thisyear and which will have effects on an average and long term.

Pension benefits

The cost of the pension planswith determined benefitsand of other post-hiring medical benefits, as well as the updated value of the pension obligation, is determined by usingactuarial evaluations. An actuarial evaluation involvesissuingdifferent actuarial hypotheses, which can be different from the future real evaluations. They include determining the discount rate, future salary increases, mortality rates andfuture pension increases. Taking into account the complexity of the evaluation, the supporting hypotheses and the long-term character, an obligationon the determined benefitis extremely sensitiveto the modifications of these hypotheses. All hypotheses are revised on each reporting date.

The discount rate is 4,65%,which is the average rate of the interest curve supplied by "Bloomberg" for the first 5 years and 3,68%,which is the average rate of the interest curve supplied by "Bloomberg" for the following years, taking into account the possibility of replacing RON with EUR.

Mortality rates are based onmortality tablessupplied by the mortality tables of the National Instituteof Statistics. The rate of salary increase is considered constant.
Additional details on the hypotheses used are presentedin note 26.

Fair value of the financial instruments

When the fair value of the financial assetsand the financial debtsregistered in the statement of the financial positioncannot be obtainedfrom active markets, their fair value is determined by usingevaluation techniques, includingthe model of updated treasury flows. The information included in these modelsis derivedfrom the observabile marketsif it is possible, but when it is not possible, reasoning is necessary to establish fair values. This reasoning includesthe analysis of the information to be used, likeliquidity risk, credit risk and volatility. The modification of hypothesesregarding these factors could affect the reported fair value of the financial instruments.

4. REVENUES

Below is presented an analysis of the Company's revenues:

	Year ended 31 December 2013 RON	Year ended 31 December 2012 RON
Sales from own production	210.017.749	216.631.525
Revenues from sales of trading goods	18.204.957	23.542.270
Revenues from other activities	210.555	233.192
Revenues from rents and royalties	217.602	350.326
Commercial discounts granted	(2.038.268)	(1.212.649)
Total	**226.612.595**	**239.544.664**

Geographical analysis

	Year ended 31 December 2013 RON	Year ended 31 December 2012 RON
Sales on internal market (Romania)	190.546.289	205.114.770
Sales on external market (Europa)	36.066.306	34.429.894
Total	**226.612.595**	**239.544.664**

4. REVENUES (continue)

The information reported to the persons responsible with operational policy with regards to the allotment of resources and the analysis of segment performancesare oriented on the type of products delivered. The reporting segments of the Company were set up according to:

- Nature of products and services
- Nature of production processes
- Type or category of customers for products and services
- Methods used for the distribution of products orservice delivery

The Company's reporting segments are aggregated according to the main types of activities and they are presented below:

Exercise ended on 31 December 2013	Installations and paneling	Joinery Profiles	Granules	Teraglass	Unallocated amounts	Total
Total revenues	**118.134.115**	**42.613.619**	**41.103.257**	**24.971.817**		**226.822.808**
Indirect and administrative sales expenses	(113.357.478)	(41.509.212)	(35.905.924)	(26.999.272)		(217.771.886)
Operating result	**4.776.637**	**1.104.407**	**5.197.333**	**(2.027.455)**		**9.050.922**
Financial result						(4.365.791)
Profit before tax						**4.685.131**
Tax on profit						515.998
Result of the period						**5.201.129**
Operating assets	**100.220.709**	**44.050.468**	**21.884.007**	**23.007.535**	**22.817.596**	**211.980.314**
Fixed assets	54.775.667	29.484.467	8.953.172	13.290.799	22.817.596	129.321.701
Current assets	45.445.042	14.566.001	12.930.835	9.716.735		82.658.613
Operating debts	**49.599.742**	**18.632.353**	**17.786.632**	**11.921.430**		**97.940.157**
Long term debts	8.812.344	3.189.289	3.068.181	1.869.072		16.938.886
Current debts	40.787.398	15.443.064	14.718.451	10.052.358		81.001.271

Exercise ended on31 December 2012	Installations and paneling	Joinery Profiles	Granules	Teraglass	Unallocated amounts	Total
Total revenues	**110.499.381**	**49.997.141**	**51.571.031**	**28.204.959**		**240.272.512**
Indirect and administrative sales expenses						
Operating result	(118.106.072)	(50.085.405)	(48.227.429)	(28.086.246)		(244.505.152)
Financial result	**(7.606.691)**	**(88.264)**	**3.343.602**	**118.713**		**(4.232.640)**
Profit before tax						(6.057.666)
Tax on profit						**(10.290.306)**
Result of the period						1.310.953
						(8.979.353)
Operating assets	**108.455.227**	**48.906.210**	**33.470.261**	**23.518.522**	**21.472.143**	**235.822.363**
Fixed assets	62.506.788	29.256.512	11.522.557	11.480.737	21.472.143	136.238.737
Current assets	45.948.439	19.649.698	21.947.704	12.037.785		99.583.626
Operating debts	**55.624.058**	**25.926.166**	**25.341.935**	**14.670.352**		**121.562.511**
Long term debts	10.564.776	4.780.195	4.930.673	2.696.658		22.972.302
Current debts	45.059.283	21.145.971	20.411.261	11.973.694		98.590.209

The unallocated amounts refer to real estate investments,investments in branches and commonly-controlled units as well as other financial assets (2013 and 2012).

5. OTHER OPERATIONS REVENUES

	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Compensation, fines and penalties	64.578	155.767
Other revenues from intragroup operations	-	127.363
Other revenues	145.634	444.718
Total	**210.212**	**727.848**

6. MODIFICATIONS IN STOCKS OF FINISHED PRODUCTS AND PRODUCTION IN PROGRESS

	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Modifications in stocks of finished products and production in progress	2.512.375	1.605.106
Total	**2.512.375**	**1.605.106**

7. RAW MATERIALS, CONSUMABLES USED AND GOODS

	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Expenses with raw materials	133.853.842	145.315.916
Expenses with consumables	11.274.532	11.419.076
Expenses with goods	13.909.407	18.844.715
Consumed packaging	530.385	552.361
Packaging for sale	40.524	28.719
Total	**159.608.690**	**176.160.787**

8. OTHER GAINS AND LOSSES

Gains/losses from the exit oftangible and intangible assets	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Income from the exit of tangible and intangible assets	380.091	15.958.350
Expensesfrom the exit of tangible and intangible assets	(317.182)	(18.335.993)
(Loss) / Reversal of loss from the evaluation of assets held for sale	-	656.837
Total	**62.909**	**(1.720.806)**

9. OTHER GAINS AND LOSSES(continue)

Gains/ (Losses)from the fair value assessment of real estate investments	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Gain from the fair value assessmnt of real estate investments	636.087	5.130.830
(Loss)from the fair value assessmnt of real estate investments	(4.016.881)	-
Total	**(3.380.794)**	**5.130.830**

10. EXPENSES WITH PROVISIONS, ADJUSTMENTS FOR IMPAIRMENT AND DEPRECIATION

	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Impairment adjustments for current assets and provisions		
Set up and reversals of impairment adjustments for current assets(Note 20, 21)	(1.573.666)	432.439
Provisions for risks and expenses(Note 26 and Note 27))	(666.780)	1.390.082
Total impairment adjustments and provisions	**(2.240.446)**	**1.822.522**
Impairment expenses(Note 15 and Note 17)	(2.276.059)	8.389.384
Depreciation expenses(Note 15 and Note 17)	12.856.104	14.011.067
Total provisions, adjustments for impairment and depreciation	**8.339.599**	**24.222.973**

11. EXPENSES WITH EMPLOYEES' BENEFITS

	Year ended on 31 December 2013	Year ended on 31 December 2012
	RON	RON
Salaries	17.413.752	16.586.368
Contributions to the state social insurance fund	4.749.552	4.577.812
Other taxes and contributions of salaries	192.247	179.064
Meal tickets	917.154	1.011.435
Other employees' benefits	(44.094)	(13.662)
Revenues from operating subsidies for the personnel's payment	-	(83.221)
Total	**23.228.611**	**22.257.796**

12. FINANCIAL COSTS AND REVENUES

	Period ended on 31 December 2013 RON	Period ended on 31 December 2012 RON
Financial costs		
Expenses with interests	2.326.889	2.554.335
Expenses from exchange rate differences	4.412.126	6.806.339
Financial discounts granted	868.330	688.287
Losses regarding operations with derived instrumentsheld in order to be traded	81.736	310.221
Other financial expenses	393.684	461.884
Total	**8.082.765**	**10.821.066**

	Period ended on 31 December 2013 RON	Period ended on 31 December2012 RON
Financial revenues		
Revenues from interests	86.902	19.824
Revenues fromexchange rate differences	3.333.958	4.585.809
Revenues from investments	66.948	147.006
Gain fromoperations with derived instrumentsheld in order to be traded	229.162	-
Other financial revenues	5	10.761
Total	**3.716.975**	**4.763.400**
Net financial loss	**(4.365.790)**	**(6.057.666)**

13. OTHER EXPENSES

	Period ended on 31 December2013 RON	Period ended on 31 December 2012 RON
Expenses with transport	7.202.772	7.042.513
Expenses with utilities	5.822.817	5.925.712
Expenses with services delivered by third parties	4.213.716	5.310.674
Expeses with compensation, fines and penalties	454.304	421.537
Expenses with protocol and advertising	1.799.768	1.994.454
Expenses with other taxes and duties	912.649	922.061
Expenses with repairs	1.104.250	1.013.509
Expenses with business travel	472.628	431.572
Expenses with rents	499.403	330.112
Expenses with postal taxes and telecommunication	268.142	274.220
Expenses with insurance premium	327.321	304.474
Other general expenses	2.711.706	3.011.273
Revenues from operating subsidies for other operating expenses	-	(103.387)
Total	**25.789.476**	**26.878.726**

14. TAX ON PROFIT

The total expense of the yearis reconciled with the accounting profit as follows:

	Period ended on 31 December2013	Period ended on 31 December2012
	RON	RON
Profit/ (loss) before tax	**4.685.131**	**(10.290.306)**
Theoretical tax,calculated at 16%	749.621	(1.646.449)
Elements similar to revenues (surplus made from the revaluation reserve)	122.597	144.470
Deductions	(1.899.639)	(1.762.250)
Non-taxable revenues	(1.739.120)	(2.163.313)
Non-deductible expenses	3.923.342	7.047.346
Effect of fiscal loss to be recoveredfrom previous years	-	(464.887)
Sponsoring (fiscal credit)	(114.535)	(14.796)
Total tax on current profit	**1.042.266**	**1.140.121**
Tax on current profit acknowledged in the profit and loss account- (expense)/income	(1.042.266)	(1.140.121)
Tax on delayed profit acknowledged in the profit and loss account- (expense)/income	1.558.264	2.451.074
Tax on profit acknowledged in the profit and loss account- (expense)/income	**515.998**	**1.310.953**

	Period ended on 31 December 2013	Period ended on 31 December 2012
	RON	RON
Profit/ (loss) before tax	**4.685.131**	**(10.290.306)**
Applicable tax rate	16%	16%
Theoreticaltax on profit	749.621	(1.646.449)
Fiscal impact of the permanent differences set upon the calculation of the tax on profit	(1.265.619)	335.496
Tax on profit acknowledged in the profit and loss account	**(515.998)**	**(1.310.953)**

14. TAX ON PROFIT (continue)

The tax rate applied for the reconciliation from above for the years 2013 and 2012 is 16% and is due by all Romanian legal persons.

Components of net debtswith delayed tax

	Situation of the financial position		Registered in the profit and loss account		Registered in the revaluation reserve	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Tangible assets and real estate investments	(3.848.182)	(6.495.280)	1.558.264	2.497.394	1.039.198	(556.085)
Investments in branches	392.000	392.000		-		-
Debt on employees' benefits		-		(55.037)		-
Assets classified as held to be sold		-		(38.804)		-
Commercial debts and similar		-		(2.114)		-
Other current financial debts		49.635		49.635		-
Total	**(3.456.182)**	**(6.053.645)**	**1.558.264**	**2.451.074**	**1.039.198**	**(556.085)**

Reconciliation of debtson delayed tax, net	**2013**	**2012**
Balance on 1 January	**(6.053.645**	**(7.948.634)**
Revenues from / (expenses with) tax during the period acknowledged in the profit and loss account	1.558.264	2.451.074
Revenues from / (expenses with) tax during the period acknowledged in other elements of the global result	1.039.198	(556.085)
Final balance on 31 December	**(3.456.182)**	**(6.053.645)**

According to the fiscal legislation in Romania, fiscal loss can be reported during a period of 7 years for fiscal losses achieved after 1 January 2009, starting from the year when they occurred.

In 2012 the Company reported fiscal losses in the amount of 2.905.541 RON coming from previous years, for which it hadn't acknowledged previously amounts to be received from delayed tax.

15. TANGIBLE ASSETS

	Lands	Constructions	Machinery and equipment	Installations andfurniture	Tangible assets in progress	Total
COST	**RON**	**RON**	**RON**	**RON**	**RON**	**RON**
Balance on 1 January 2012	**13.258.736**	**61.981.554**	**147.833.493**	**1.092.746**	**1.578.638**	**225.745.167**
Increases:	10.368	2.741	294.871	-	8.573.006	**8.880.986**
Of which:	-	-	-	-	-	**-**
Increases from the internal production of assets	-	369	9.879	-	618.255	**628.503**
Transfers–assets held for sale	1.232.177	2.354.324	92.130	-	-	**3.678.631**
Revaluation increases with impact on reserves	3.475.531	-	-	-	-	**3.475.531**
Revaluation increases withimpact in the profit and loss account	5.130.830	-	-	-	-	**5.130.830**
Transfers	-	1.163.766	7.046.760	4.628	(8.215.154)	**-**
Disposals and other reductions	-	-	(22.667.057)	-	-	**(22.667.057)**
Transfers–real estate investments	(11.319.757)	-	-	-	-	**(11.319.757)**
Corrections (note 24)	-	-	(103.404)	22	(177.465)	**(280.847)**
Balance on 31 December 2012	**11.787.885**	**65.502.385**	**132.496.793**	**1.097.396**	**1.759.025**	**212.643.484**
CUMULATED DEPRECIATION						
Balance on 1 January 2012	-	**-**	**86.589.526**	**299.108**	-	**86.888.634**
Depreciation booked during the exercise	376	2.468.953	10.892.467	164.288	-	**13.526.084**
Reductions	-	(34.153)	(11.510.823)	(22)	-	**(11.544.998)**
Impairment	-	7.452.203	937.180	-	-	**8.389.383**
Corrections (note 24)	-	-	1.539.817	304	-	**1.540.121**
Balance on 31 December2012	376	9.887.003	88.448.167	463.678	-	**98.799.224**
Net book value on 1 January 2012	**13.258.736**	**61.981.554**	**61.243.968**	**793.637**	**1.578.638**	**138.856.533**
Net book value on 31 December 2012	**11.787.509**	**55.615.382**	**44.048.626**	**633.718**	**1.759.025**	**113.844.260**

15. TANGIBLE ASSETS (continue)

COST	Lands RON	Constructions RON	Machinery and equipment RON	Installations andfurniture RON	Tangible assets in progress RON	Total RON
Balance on 1 January2013	**11.787.885**	**65.502.385**	**132.496.793**	**1.097.396**	**1.759.025**	**212.643.484**
Increases:	36.939	73	1.706.854	38,175	11.812.784	**13.594.825**
Of which:	-	-	-	-	-	**-**
Increases from the internal production of assets	-	73	12.023	-	563.528	**575.624**
Elimination ofthe gross value of cumulateddepreciation forrevaluedtangible assets	(722)	(4.972.610)	-	-	-	**(4.973.331)**
Revaluation increases/ (decreases) with impact on reserves	(599.073)	(5.895.388)	-	-	-	**(6.494.460)**
Revaluation increases/ (decreases) with impact in the profit and loss account	-	(413.023)	-	-	-	(413.023)
Transfers	-	1.992.575	9.511.293	67.796	(11.571.663)	**-**
Disposals and other reductions	-	-	(1.936.360)	-	(270.527)	**(2.206.887)**
Transfers–real estate investments	(3.115.881)	(1.610.366)	-	-	-	**4.726.247**
Transfersfrom inventory objects	-	-	63.386	-	-	**63.386**
Corrections (note 24)	-	-	163.514	-	-	**163.514**
Balance on 31 December2013	**8.109.148**	**54.603.645**	**142.005.481**	**1.203.367**	**1.729.619**	**207.651.260**
CUMULATED DEPRECIATION						
Balance on 1 January2013	376	**9.887.003**	**88.448.167**	**463.678**	-	**98.799.224**
Depreciation booked during the period	346	2.537.809	9.733.929	150.139	-	**12.422.223**
Reductions	-	-	(1.890.729)	-	-	**(1.890.729)**
Elimination of cumulated depreciation forrevalued tangible assets	(722)	(4.972.610)	-	-	-	**(4.973.331)**
Depreciation	-	(2.389.210)	(299.872)	-	-	**(2.689.082)**
Corrections (note 24)	-	-	421.600	(30.322)	-	**391.278**
Balance on 31 December2013	**-**	**5.062.993**	**96.413.096**	**583.494**	-	**102.059.583**
Net book value on 1 January2013	**11.787.509**	**55.615.382**	**44.048.626**	**633.718**	**1.759.025**	**113.844.260**
Net book value on 31 December 2013	**8.109.148**	**49.540.652**	**45.592.385**	**619.873**	**1.729.619**	**105.591.677**

15. TANGIBLE ASSETS (continue)

Tangible assets include vehicles and equipment used in case of financial leasing contracts,technical installations and vehicles, as follows:

	31 December 2013 RON	31 December 2012 RON
Net value– vehicles	311.852	79.594
Net value- equipment	7.391.373	2.174.239

The accounting value of lands and buildings which would have been acknowledged if the assets had been registered according to the model based on cost is:

	31 December 2013 RON	31 December 2012 RON
Lands and buildings – model based on cost	53.503.958	51.222.358

On 31 December 2013, the company had pledged tangible assets and real estate investments to financial institutions with a net accounting value of 83.595.521 RON (31 December 2012: 96.290.787 RON).

The revaluated elements during 2013 were lands and constructions. The Company's management established that it represents a single class of assets in order to be revaluated at fair value according to IFRS 13.This analysis has taken into account the characteristics and risks associated to revaluated properties.

The fair value of landswas set up by applying the market value. It means that the evaluation made by an independent evaluator was based on the prices from an active market, adjustedfor the differences of location, state of property and its nature. On 31 December 2013, the fair value of lands was set up by anaccredited independent external evaluator.

Significant data used for evaluation and which are not observable directly:
Price persquare meterfor lands Interval 4,5 – 101 euro/square meter

Significant increases/ (decreases)of the market price estimatedat the level of a single property could determine the significant increase/(decrease) of the fair value.

For the evaluation of constructions, the method of direct capitalization was used.

16. REAL ESTATE INVESTMENTS

The company has adopted an evaluation policy of real estate investments at fair value on the date of transition toIFRS, respectively 1 January 2011.Real estate investments includethe following elements:

The company has rented starting withDecember 2010, for a period of 5 years, a real estate to the company SC Tera Tools SRL, for which it collects a monthly rent according to the contract concluded with SC Tera Tools SRL.According to the Romanian accounting rules (OMFP no. 3055/2009), this asset was accounted as tangible asset, and according to IFRS(IAS 40), was reclassified as real estate investment. The reclassification of the real estate was made on the date of transition to IFRS, when the real estate was evaluated at fair value. Subsequent revaluations were acknowledgedaccording to IFRS provisions in the profit and loss account. In November 2013, the lease contract with Tera Tools SRLwas terminated, therefore, the real estate investment was reclassifiedas real estate property used by the owner. On 31 December 2013 it was revaluated according to IAS 16.

- The Company owns a land and a building, situated in Romana Str., Bistrita (previously used as headquarters). In January 2012, the managementdecidedthat the respective buildingto be demolished, and the final destination of the land on 31 December 2012 to be heldfor the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, the land was classified in January 2012 as real estate investment. On that date, the accounting value of the land was approximately equal to the fair value, no additional adjustment of valuebeing needed (according to IAS 16 and IAS 40). On 31 December 2012, the increase from the fair value assessment for 2012 was registered in the profit and loss account.

- In 2011, the Company has signed with SC Teracota Bistrita SRL a transfer agreement of the activity line representingthe production of ceramic products by burning. According to the contract, if the buyerdidn’t meet the payment obligations of installments to Teraplast, Teraplast has the right torepossess the assets transfered. In December 2012,SC Teracota Bistrita SRL went bankrupt, and, therefore, Teraplast repossessed the means transferred initially. The management decided thatthe equipment transferred to bediscarded, the building transferred to be demolished, and the final destination of the retaken landto be heldfor the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, the land was classified in December 2012 as real estate investment, being evaluatedat fair value on this date. The increase from the fair value assessment was registered in the revaluation reserves(according to IAS 16 and IAS 40).

- The company owns lands and buildings (previously used as area warehouses) in Bucharest, Oradea and Constanta. In September 2013 (Bucharest), November 2013 (Oradea) and January 2013 (Constanta), the management decided thatthe final destination of theselands and buildingsis to be heldfor the assessment of the valuefollowed by the subsequent capitalization by selling. Therefore, lands and buildings were classified during 2013 as real estate investments.The revaluations from 31 December 2013 were acknowledgedaccording to IFRS provisions in the profit and loss account.

On 31 December 2013 and 2012, the fair value of real estate investments is based on the evaluation reportprepared by an independent evaluator and the impact from these evaluations was booked in the profit and loss account. The evaluation methods usedare according to the International Evaluation Standards.

16. REAL ESTATE INVESTMENTS (continue)

	31 December 2013	31 December 2012
	RON	RON
Initial balance on 1 January	12.257.263	937.506
Reclasifications from tangible assets	4.726.247	6.188.927
Net (loss)/gainfrom the revaluation of real estate investmentsat fair value	(3.380.794)	5.130.830
Final balance on 31 December	**13.602.716**	**12.257.263**

	31 December 2013	31 December 2012
Revenues from rentsobtained from real estate investments	125.336	50.317
Direct operational expenses	(5.942)	-
Direct operating expenses	-	-
Net profit resulting from real estate investments booked at fair value	**119.394**	**50.317**

17. OTHER INTANGIBLE ASSETS

Cost	Licenses RON	Intangible assets in progress RON	Total RON
Balance on 1 January 2012	**3.768.761**	**37.096**	**3.805.857**
Increases	6.815	236.081	242.897
Transfers	272.221	(272.221)	-
Disposals and other reductions	(368)	-	(368)
Balance on 31 December 2012	**4.047.429**	**957**	**4.048.386**
Cumulated depreciation			
Balance on1 January 2012	**2.616.645**	**-**	**2.616.645**
Expense with depreciation	446.823	-	446.823
Reductions	(368)	-	(368)
Corrections	62.952	-	62.952
Balance on 31 December 2012	**3.126.052**	-	**3.126.052**
	-	**-**	
Net book value on 1 January 2012	**1.152.116**	**37.096**	**1.189.212**
Net book value on31 December 2012	**921.377**	**957**	**922.334**

Cost	Licenses RON	Intangible assets in progress RON	Total RON
Balance on 1 January2013	**4.047.429**	**957**	**4.048.386**
Increases	371.420	142.637	514.057
Transfers	143.594	(143.594)	-
Corrections	31		31
Disposals and other reductions	(3.679)	-	(3.679)
Balance on31 December 2013	**4.558.795**	**-**	**4.558.795**
Cumulated depreciation			
Balance on1 January2013	**3.126.052**	**-**	**3.126.052**
Expense with depreciation	497.264	-	497.264
Discounts	(2.585)	-	(2.585)
Corrections	25.110	-	25.110
Balance on31 December 2013	**3.645.840**	-	**3.645.840**
Net book value on 1 January2013	**921.377**	**957**	**922.334**
Net book value on 31 December 2013	**912.956**	**-**	**912.956**

18. INVESTMENTS IN BRANCHES AND COMMONLY CONTROLLED UNITS

On 31 December 2013 and 31 December 2012, the Companyhas investments in two branches and a commonly controlled unit.

Plastsistem SA

In March 2007,the Company became the main shareholder of Plastsistem SA (Plastsistem) buying 52,77% of the shares. On 31 December 2013 Teraplast owned 78,71% of Plastsistem. The main activity of Plastsistem is the production of thermo-insulating panels with polyurethane foam for the construction of industrial halls and warehouses.

During 2008,the Company took part in the increase of company share of Plastsistem,which determined an increase of the share by 0,71%. Besides,the Company increased its investment in Plastsistem during 2008 by 1,4%.

During 2010,modifications were registered in the percentages owned by Teraplast SA in the company capital of Plastsistem SA,representing increase of company capital by contribution in kind(real estate situated in Bistrita,25, Tarpiului str.) of 2.316.000 RON, which determined an increase of the investment by 6,17%. At the end of 2011,the share of the company Teraplast in Plastsistem was 78,71%.

Branch	**Country**	**Participation quota**	**31 December 2013**	**Participation quota**	**31 December 2012**
		%	**RON**	**%**	**RON**
Plastsistem S.A. Bistrita	Romania	78,71%	8.904.408	78,71%	8.904.408
Teraglass Bistrita SRL	Romania	100%	50.000	100%	50.000
Politub SA	Romania	50%	245.000	50%	245.000
			9.199.408		**9.199.408**

Teraglass Bistrita SRL

The company Teraglass Bistrita SRL was founded in 2011 being owned 100% by Teraplast SA. The main object of activity was the production of plastic products forconstructions, with a company capital of 50.000 RON. In December 2011, the activity of Teraglass Bistrita SRL was integrated in Teraplast SA. In 2012 and 2013 Teraglass Bistrita SRL had no activity.

Politub SA

Also, the Company owns 50% of the shares of a commonly controlled unitcalled Politub SA,with headquarters in Bistrita, Romania.The main activities of Politub include the production of medium and high density polyethylene pipesfor the transport and distribution networks of water, gas, but also for telecommunication, sewage or irrigations.

19. OTHER FINANCIAL ASSETS

Details on other financial assets of the Company are the following:

Name of the investment	Country	Participation quota	31 December 2013	Participation quota	31 December 2012
		%	RON	%	RON
CERTIND SA	Romania	7,50%	14.400	7,50%	14.400
Partnership forsustainable development	Romania	7,14%	1.000	7,14%	1.000
Tera Tools SRL	Romania	24%	72	24%	72
Total			**15.472**		**15.472**

The company CERTIND is an independent certification body accredited by Greek Accreditation Body – ESYD for the following certification services: certification of the quality management systemsaccording to ISO 9001,certification of environment management systems according to ISO 14001,certification offood safety management systems according to ISO 22000.

The company hasn't assumed any obligation and hasn't made any payment in the name of the entities in which it has titles as equity interests.

20. STOCKS

	31 December 2013	31 December 2012
	RON	**RON**
Finished products	20.265.940	17.822.442
Raw materials	10.613.802	9.102.671
Trading goods	2.201.036	3.985.217
Consumables	1.369.923	1.292.366
Inventory objects	271.802	226.975
Semifinished products	957.588	773.803
Waste products	187.105	455.402
Work in progress	-	-
Purchasing goods in transit	244.185	170.847
Packaging	89.569	96.170
Stocks–gross value	**36.200.950**	**33.925.893**
Value adjustmentsfor raw materials and materials	(1.128.534)	(946.121)
Value adjustmentsfor finished products	(1.119.445)	(1.541.395)
Value adjustmentsfor trading goods	(1.235.827)	(1.473.621)
Total	**32.717.144**	**29.964.756**

The values adjustments are done for all stock categories (see above), using both general and specific methods, depending on their aging and on the analisys with regards to the probability of using them in the future.

21. TRADE RECEIVABLES AND SIMILAR

	31 December 2013	31 December 2012
	RON	RON
Trade receivables	33.981.362	44.904.406
Commercial bills not due	23.010.347	25.407.188
Advancespaid to suppliers of assets	887.379	833.742
Advancespaid to suppliers of stocks and services	275.188	222.672
Commercial warranties paid	242.486	216.458
Advancespaid to employees	33.119	49.103
Other receivables	699.680	3.767.360
Adjustments for the impairment of trade receivables	(12.503.797)	(13.884.930)
Total	**46.625.764**	**61.516.000**

Modifications of impairment adjustments for uncertain receivables

	31 December 2013	31 December 2012
	RON	RON
Balance at the beginning of the year	**(13.884.930)**	**(12.662.423)**
(Increase)/ Reductionof impairment adjustmentacknowledged in the profit and loss account	1.381.132	(1.222.507)
Of which:		
- For trade receivables	1.381.132	(1.222.507)
Balance at the end of the year	**(12.503.798)**	**(13.884.930)**

In determining the recoverability of receivables, the Company takes into account any modification in the credit quality of receivables starting with the date of granting the credit,up to the reporting date. The concentration of the credit risk is limitedtaking into consideration thatthe customer database is large,and the customers are not related one to another. As a consequence,the Company's management considers that there is no need for any additional impairment adjustment for credits over the adjustment for uncertain receivables.

On 31 December 2012, of the total of trade receivables, the amount of 3.244.367 RON represents receivables which make the object of a factoring contract with appeal, concluded with Raiffeisen Bank. On 31 December 2013there weren't any amounts in factoring.

22. COMPANY CAPITAL

	31 December 2013 RON	31 December 2012 RON
Subscribed and paid company capital	28.887.588	29.787.588
Adjustment for the hyperinflation effect up to 31 December 2003	30.092.472	31.030.010
Total	**58.980.060**	**60.817.598**

On 31 December 2013, the value of the subscribed capital of the Companyconsists of288.875.880 authorized, issued and entirely paidshares, at a value of 0,1 RONwith a total nominal value of28.887.588 RON. Common shares bear one vote each and give the right to dividends.

The company capital was increased in 2008 by purchase public offer. There were issued49.645.980 new shares with a nominal value of 0,1 RON pershareand a share premium of 0,9 RON per share.The expenses generated by the listing at Bursa de Valori Bucuresti,in the amount of 2.436.264 lei, have been been supported from the share premium.

In 2009, 4.480.000 shares were bought, at the price of 1.682.159 RON, in order to be used for their selling at an acquisition price to the Company's executive management, according to the decision of the Company's shareholders from 11 December 2008.In 2010, 4.042.655 shares were bought, at the price of 1.946.981 RON, representing 1,36% of the company capital. In 2011, 526.345 shares were bought, at the price of 245.713 RON, representing 0,17% of the company capital. The shares were bought in order to be sold to the Company's executive management at an acquisition price, according to the shareholders' decision from 11 December 2008 and 11 December 2009.

On16 December 2010, the shareholders decided on a free of charge distribution of these shares to the Company's executive management. For this purpose, before implementing this decision, due to the legal demand in the situation described, the Company prepared and handed in to the competent bodies (CNVM) a simplified prospectus..

The plan included:

- Distribution of 4.500.000 free shares;
- For a period of 10 years to the Company's management – every year, the management will receive a part of the shares, according to their performance.

Up to 31 December 2012, the redeemed shares haven't been distributed, being included in the retained earnings.

In March 2013, the Company decided to cancel the redeemed shares by reducing the company capital.Following this decision, during March-September 2013, Teraplast SA prepared and sent, according to the legal provisions in effect, the documents necessary to register the decreaseof the subscribed and paid company capital, by cancelling 9.000.000 of its own shares.On 19.09.2013, A.S.F. issued thethe Certificate of Registration ofSecurities, no. AC-3420-2/19.09.2013.But, according to the press release no. 42659/15.10.2013 issued by Depozitarul Central, the decrease of theCompany's capitalhas been registeredonly on 15.10.2013 in the registry of Teraplast SA, , according toCertificate of Registration ofSecuritiesno. AC-3420-2/19.09.2013, isued by ASF.

Along with the adjustment of thecompany capital due to the cancellation of its own shares, the Company has also adjusted the hyperinflation effect.

Shareholder structure

	31 December 2013		31 December 2012	
	Number of shares	% ownership	Number of shares	% ownership
Goia Dorel	102.067.342	35,33%	102.067.342	34,27%
Viciu Emanoil	25.240.069	8,74%	25.240.060	8,47%
Marley Magyarorszag (Gemencplast Szekszard)	22.885.589	7,92%	22.885.589	7,68%
SIF Banat Crisana	32.766.683	11,34%	32.766.683	11,00%
Other physical and legal persons	105.916.197	36,67%	114.916.206	38,58%
Total	**288.875.880**	**100,00%**	**297.875.880**	**100,00%**

23. LEGAL RESERVES

	31 December 2013	31 December 2012
	RON	**RON**
Initial balance	3.330.468	3.330.468
Constituted during the period	230.909	-
Total	**3.561.377**	**3.330.468**

Legal reserve is used to transfer the profits from retained earnings. According to the Romanian legislation,a transfer from the Company's net profit is needed. The transfer can be of up to 5% from the profit before tax,until the reserve reaches 20% of the company capital.

The reserve cannot be distributed to shareholders,but it can be used to absorb operational losses, case in which it becomes taxable from the date it was set up.The management doesn't intend to use the legal reserve to cover reported accounting losses.

24. RETAINED EARNINGS

	31 December 2013	31 December 2012
	RON	**RON**
Balance at the beginning of the year	**(16.296.668)**	**(11.897.099)**
Reserves representing surplus made from revaluation		6.032.876
Impact from redemption of own shares	1.837.538	-
Legal reserves	(230.909)	-
Correction of errors from previous years	34.965	(1.453.092)
Result of the year	5.201.129	(8.979.353)
Balance at the end of the year	**(9.453.943)**	**(16.296.668)**

The correction of errors from 2012and 2013refers to the adjustment of gross value and cumulated depreciation of fixed assets (especially equipment) and from reconsidering some values registered in previous yearson impairment of receivables (2013). This correction was caused by identifying some inconsistencies in the balance sheet compared to the fixed assets register.

25. LOANS AND FINANCIAL LEASING DEBTS

	Short term		Long term	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Loans	RON	RON	RON	RON
Bank loans	7.808.376	27.126.737	9.577.121	15.979.962
Credit line	27.506.756	20.845.734	-	-
Leasing debts	1.577.456	516.842	3.603.097	608.375
Total	**36.892.588**	**48.489.313**	**13.180.218**	**16.588.337**

Bank loans are classified as follows:

	Balance on 31 December 2013		Balance on 31 December 2012	
Bank	**Short term RON**	**Long term RON**	**Short term RON**	**Long term RON**
Banca Transilvania	10.373.426	-	-	-
BRD	16.932.416	4.484.425	17.178.195	6.642.788
Unicredit	7.734.666	4.199.999	27.549.909	9.337.174
Raiffeisen Bank	-	-	3.244.367	-
Porsche Bank	274.624	892.697	-	-
Leasing	1.577.456	3.603.097	516.842	608.375
Total	**36.892.588**	**13.180.218**	**48.489.313**	**16.588.337**

All loans have a variable interest rate.

The classification according to currency is the following:

Currency	**31 December 2013**	**31 December 2012**
EUR	34.577.805	60.708.066
RON	15.495.000	4.369.584
TOTAL	**50.072.805**	**65.077.650**

Bank loans on 31 December 2013 are the following:

A. Short term credit contract signed with BRD on 10 April 2010 in EUR to finance working capital. The initial amount was 1.500.000 EUR, supplemented to 3.300.000 EUR starting with 15 April 2011, and the interest rate is the Reference Rate Euribor 3M + 2,85 pp. The remaining amount from this loan on 31 December 2013is 14.679.833 RON (3.273.314 EUR) (31 December 2012: 14.594.766 RON (3.295.496,69 EUR); due date is20 June 2014.The company has discussed with BRD to extend the credit period with another 12 months.
B. Investment contract signed with BRD on 19 December 2011 in EUR. The total amount is 2.500.000 EUR, with an interest rate EURIBOR la 3M + 3 pp. The remaining amount on 31 December 2013from this contract is6.726.775 RON (1.499.939 EUR) (31 December 2012: 8.857.128,86 RON (1.999.939 EUR). The due date is 20 December 2016 and the reimbursement is made in 60 monthly installments of 41.666,67 EUR.
C. Investment contract signed withUnicredit Tiriac Bank on 28 November 2007 in EURor USD for the acquisition of equipment. The initial amount is EUR 3.500.000 and the interest rate is EURIBOR 1M +1.5 pp for EUR. The remaining amount from this contract on 31 December 2013 is 2.877.692

25. LOANS AND FINANCIAL LEASING DEBTS (continue)

RON (641.669 EUR) (31 December 2012: 5.941.845 RON (1.341.668EUR). The due date is 28 November 2014 with a monthly installment of 58.333,33 EUR.

D. Credit contract - credit line to support current activity, renewed with Unicredit Tiriac Bank on01 October 2013 in RON. The amount is 1.800.000 EUR resulted from the decrease of the amount of 4.500.000 EUR, amount initially formed fromunifying therevolving credit signed with Unicredit on 4 September 2006 of 3.500.000 EUR and the short term creditto finance working capital of 1.300.000 EUR, divided as follows: 1.000.000 EUR credit line usable in RON and 800.000 EUR –overdraft.The interest rate is ROBOR (O/N) + 2,2% p.a. for the amount of 1.000.000 EUR and respectivelyEURLIBOR (O/N) + 2,8% p.a for the amount of 800.000.The remaining total amount of this contract on 31 December 2013is 2.453.497RON (547.082 EUR) (31 December 2012: 20.795.264RON (4.695.569 EUR), the credit line of 1.000.000 eur on 31 December 2013 is entirely unused.The due date is1 October 2014.

E. Investment contract signed withUnicredit Tiriac Bank on29 September 2011 in EURor USD for investments. The initial amount was3.000.000 EUR, with an interest rate EURIBOR 1M + 5,75 pp, The credit balance on 31 December 2013 was converted into RON,resulting the value of 6.599.999RONwith an interest rate of ROBOR 1M + 2,5 pp.The remaining amount on 31 December 2013from this contract is6.599.999RON (31 December 2012: 10.038.386 RON (2.266.666,52 EUR). Upon the credit conversion, the due date extended by 12 months, thus the due date is29 September 2016. The reimbursement was initiallyin 45equal monthly installments of66.666,67 EUR, and after the conversion andextension by 12 months the reimbursement is still in equal installments, but with a value of200.000 RON.

F. Investment contract signed withPorsche Bank on 28 November 2013 in RONto buy cars. The initial amount is1.189.532,38 RON,and the interest rate isROBOR 1M +5.5 pp. The remaining amount of this contract on 31 December 2013is1.167.321 RON. The due date is November 2017, and the reimbursement schedule is from December 2013up to 27November 2017.

G. Credit contract - credit line to finance current activity, signed withBanca Transilvaniaon27 August 2013 in RON. The amount is 11.250.000 RON. The interest rate isROBOR 6 M + 2,3% p.a. The remaining total amount of this contract on 31 December 2013is 10.373.426RON.The due date is26 August 2014.

H. Credit contract- revolving limit of short term credits to finance current activity, signed withBanca Transilvaniaon27 August 2013 in RON. The amount is 2.000.000 RON. The interest rate isROBOR 6 M + 2,3% p.a. Credit unused on 31 December 2013.The due date is26 August 2014, with reimbursement in negotiated installments.

On 31 December 2013, the Company has unused credit facilities of 1.279.604 EUR and 2.000.000 RON.

26. LOANS AND FINANCIAL LEASING DEBTS (continue)

According to the credit contracts concluded with BRD and Unicredit Tiriac Bank, the Company must meet certain conditionsrelated to financial indicators. If the conditions are not fulfilled, the two banks have the right to ask for the immediate reimbursement of the amounts lent. The corresponding indicators are the following:

a) For the credit received from BRD:
- Net Financial Debt / EBITDA – maximum 3,5 during the financing period, with quarterly check;
- Interest Coverage Ratio ICR (EBITDA / interest expense) – minimum 6 during the financing period;
- DSCR (Debt Service Coverage Ratio) – minimum 1,2 in 2011 during the financing period;
- Current ratio – minimum 1, with quarterly check;
- Equities / Total Asset – minimum 40%, with quarterly check.

b) For the credit received fromUnicredit Tiriac Bank:
- Net Financial Debt / EBITDA – maximum 3,5 during the financing period, with quarterly check;
- Cover rate of the debt service (EBITDA – Tax on profit / Ratesof financial debts + Financial expenses) – minimum 1,2 for each fiscal year during the credit;
- Current ratio – minimum 1, with quarterly check;
- Equities / Total Asset – minimum 40%, with quarterly check.

In this regard, the Company received letters from the two banks, thus:
- The letter fromBRD dated 27December 2013 it mentions that the bankwas aware of the Company's situation, and that a new calculation of indicators shall bemade on 31 December 2013;
- The letter from Unicredit Tiriac Bank dated 23 December 2013 it mentions that following the checks made according tothe estimated balance sheet,on 31.12.2013 the company meets the contract clauses regarding the conditions related to the financial indices, and that a new calculation of indices shall bemade on30 June 2014, according to the company's financial statements.

On 23 July 2013,the company signed with BRD a seasonal credit contract of 3.500.000 RON to finance the purchase of raw materials, with an interest rate of ROBOR 3M + 2%, due on 31 December 2013 entirely reimbursed up to 30 November 2013, according to the graph approved.

Also, in 2013 two loans which were in the balance at 31 December 2012 were reimbursed: a loan from BRD – GSG of1.034.020 EUR and a factoringline withRaiffeisen Bank, of3.244.367,19 RON.

On 13 February 2014 the company signed with BRD a seasonal credit contract of 1.000.000 EUR to finance the purchase of raw materials, with an interest rate of EURIBOR 3M + 3%, due on 30 November 2014, reimbursable according to the graph approved.

On 31 December 2013,tangible assets andreal estate investments with a net bookvalue of83.595.521 RON represent warranty for creditsand credit lines (lands, constructions and real estate investments– 53.451.262 RON; equipment, machines, other fixed assets– 30.144.012 RON).

The loans and short term credits of Teraplast are guaranteed with cash, both present and future, of the current accounts corresponding to the bankswhere credits are contracted fromas well as withtransfers of stocks and commercial contractsin total value of9.081.356 EUR, respectively40.727.158 RON.

Leasing contracts

Financial leasing refers to vehicles and equipmentwith leasing terms of 5-6 years. The company has the option to buy the equipment for a nominal amountat the end of the contract periods. The Company's obligations regarding financial leasing are guaranteed with the lessee's ownership right upon the assets.

25. LOANS AND FINANCIAL LEASING DEBTS (continue)

Financial leasing debts

The fair value of the financial leasing debts is approximately equal to their accounting value.

	Minimum leasing payments			**Current value of the minimum leasing payments**	
	31 December 2013	**31 December 2012**		**31 December 2013**	**31 December 2012**
	RON	**RON**		**RON**	**RON**
Current value of the leasing payments					
Amounts due in a year	1.854.840	565.180		1.577.456	516.842
More than one year but less than 5 years	3.902.239	640.665		3.603.097	608.375
Total leasing debts	**5.757.079**	**1.205.845**		**5.180.553**	**1.125.217**
Minus future financial expenses	576.526	80.628	-	-	-

Current value of thefinancial leasing debts, included in the financial situations, like:

Short term loans	1.577.456	516.842	-	-	-
Long term loans	3.603.097	608.375	-	-	-

25. DEBTS ON THE EMPLOYEES’ BENEFITS

The company has set up a benefit planaccording to which the employees are entitled to receive pension benefitsaccording to their seniority in the Companyupon reaching the pension age of 65 for men and 61for women. There are no other post-pension benefits for employees. The provision represents the current value of the obligationregardingthe pension benefit calculatedon an actuarial basis. The main estimates in the actuarial evaluation were based on an update rate of4,65%for the first 5 years and 3,68% for the following years and it represents theaverage rate of the interest curvesupplied by „Bloomberg”.

The most recent actuary evaluationswere made on 31 December 2013 by Mr. Silviu Matei,member of the Actuary Institute in Romania. The current value of the obligationsregarding defined benefits and current and past costof the services were measuredby using the projected unit credit method.

During the financial period2013, the Company Teraplast SA reversed provisions of 44.094 RON (2012:13.662 RON), for the rights of rewarding employees,according to the actuarial calculation,for the amounts granted to employees for retiring,amounts stated to be granted according to the work collective contract.

Benefits for employees	**31 December 2013**	**31 December 2012**
Initial balance	330.319	343.981
Deductions	(44.094)	(13.662)
Final balance	**286.225**	**330.319**

26. CURRENT PROVISIONS

	31December 2012	Movements			1 January 2012
	RON	Reversal of unused provision RON	Reversal of used provision RON	Additional provision RON	RON
Provisions for environment expenses	2.873.782	-	-	464.429	2.409.353
Provisions for litigations	630.839	-	(56.000)	-	686.839
Other provisions	1.318.575	-	(86.587)	1.068.240	336.922
Final balance	**4.823.196**	**-**	**(142.587)**	**1.532.669**	**3.433.114**

	31 December 2013	Movements			1 January 2013
	RON	Reversal of unused provision RON	Reversal of used provision RON	Additional provision RON	RON
Provisions for environment expenses	3.001.425	-	-	127.643	2.873.782
Provisions for litigations	2.205	(619.140)	(48.337)	38.843	630.839
Other provisions	1.152.785	(316.670)	(12.988)	163.868	1.318.575
Final balance	**4.156.415**	**(935.810)**	**(61.325)**	**330.354**	**4.823.196**

Teraplast SA has set provisions for different types of expenses related to environment protection activities, being possible obligations generated by previous events of the entity.Also, the Company has set provisions for different litigations.

27. COMMERCIAL DEBTS AND SIMILAR

	31 December 2013	31 December 2012
	RON	RON
Commercial debts	31.645.890	36.083.898
Bills of exchange payable	783.996	2.114.445
Debts from the asset acquisition in the long term	2.306.222	2.700.817
Advance payments from customers	1.239.702	521.839
Other debts	3.796.787	4.209.558
Total	**39.772.597**	**45.630.557**

Other debts

	31 December 2013	31 December 2012
	RON	RON
Salary debts to employees and debts onsocial insurances	2.493.604	2.301.463
VAT payable	650.864	1.305.580
VAT under settlement	-	(13.472)
Employees’ unclaimed rights	95.006	93.429
Different creditors	169.704	171.257
Commercial warranties received	94.190	27.700
Other taxes payable	293.419	323.601
Total	**3.796.787**	**4.209.558**

28. FINANCIAL INSTRUMENTS

The risk management in the Company takes place in the area of financial risks (credit risk, market risk, geographical risk, currency risk, interest rate risk and liquidity risk), operational risks and legal risks. The main objectives ofthe administration activity of financial risksareto set up the risk limits, and then to ensure thatthe exposure to risks remains within these limits. The administration activities of operational and legal risks are meant to guaranteethe proper functioning ofinternal policies and proceduresin order to minimizeoperational and legal risks.

(a) Administration of risks regarding capital

The company manages its capital to make sure that the entities inside the Companywill continue their activityat the same time with maximizing revenues for shareholders,by optimizing the balance of debts and equity.

The structure of the Company's capital consists of debts,which include the loans presentedin note 25, cash and cash equivalent and equityattributable to equity holders of the mother company. Equity consists of company capital, reserves andretained earnings, as they are presented in notes 22, 23 and respectively, 24.

The administration of the Company's risksalso includesa regular analysis of the capital structure. As part of this analysis,the management takes into account the capital cost andthe risks associated toeach class of capital. According to the management's recommendations, the Company can balancethe general structure of the capitalby paying dividends,by issuing new shares and by rebuy of shares,as well as by contracting new debtsor by extinguishing existing debts.

Just like other representatives of the industry, the Company monitors its capitalbased on the degree of indebtedness. This index is calculated as net debtdivided by total capital. The net debt representstotal loans (including long and short term loans, as they are presented in the balance sheet), less cash and cash equivalent. Total capital represents "equities", as they are presentedin consolidated balance sheet plus net debt.

The degree of indebtedness on 31 December 2013 and 2012was as follows:

	2013	**2012**
Total loans	50.072.806	65.077.650
Cash	(2.891.828)	(7.834.580)
Net debts	47.180.978	57.243.070
Total equities	**114.040.685**	**114.259.853**
Total equities and net debts	**161.221.663**	**171.502.923**
Degree of indebtedness	**29%**	**33%**

The company is subject to the capital requirements imposed by the lega lregulations in effect in terms of the ratio between the net asset and company capital. The net asset, calculatedas difference between totalasset and total liabilitymust exceed half of the value of company capital. According to the Law on Companies no. 31/1990, republished, when this demand is not met, the administrators must convoke immediatelythe general extraordinary meeting of shareholders,who must decide on the increase of the company capitalor on a capital decrease,at least equal to the losses which cannot be covered from existing reservesor from the liquidationof the company.

The company has met this demand and no increase of the company capital on 31 December 2013and 31 December 2012 was needed.

28. FINANCIAL INSTRUMENTS (continue)

(b) Objectives of the administration of financial risks

The Company's treasury functionsupplies services necessary to the activity, coordinates the access to the national financial market,monitors and administrates financial risksrelated to the Company's operationsby reports oninternal risks,which analyze the exposure by the degree and size of the risks. These risks include the market risk (includingthe currency risk,the interest rate risk at fair value and the price risk), the credit risk,the liquidity riskand the interest rate risk at cash flows.

(c) Market risk

The Company's activitiesexpose it first tofinancial risksregarding the fluctuation of the exchange rate (see (f) below) and of the interest rate (see(g) below).

The Company's management continues to monitor its exposure to risks. Still, the use of this approach doesn't protect the Company from the appearance of eventual losses beyond the forecast limits, in case of significant fluctuations on the market. There wasn't any modification compared to last year in the Company's exposure to market risks or in the way the Company administers and measures its risks.

(d) Administration of currency risks

The company makes denominated transactionsin different currencies. From here,there is a risk of fluctuationsin the exchange rate. Exposures to exchange rateare administered according to the approved policies.

(e) Administration of interest rate risks

The Company's interest bearing assets, revenues, as well as cash flowsfrom operational activities are exposed to the fluctuation of market interest rates. The Company's interest riskappears from its bank loans. Loans withvariable interest rate expose the Companyto the risk of cash flows from interests. The company hasn't used any hedging operationin order to diminish its exposure to the interest rate risk.

The company continues to monitor its exposure to interest risk. This includes simulating different scenarios, including refinancing, update of the existing positions, financing alternatives. According to these scenarios, the Company estimates the potential impact on the profit and loss account of some fluctuations definedin the interest rate. In each simulation, the same fluctuationin interest rate for all currencies is used. These scenarios are prepared only forthe debts which represent the main interest bearing positions.

The company is exposed to the interest rate risk,taking into account that the entities from the Company borrow funds both at fixed interests,and at fluctuant interests. The risk is managed by the Company by maintaining a favorable balancebetween loans with fixed installments and loans with fluctuant installments.

Also, in 2012, the Company concluded a swap contracton the interest rate according to which the Companyshall pay a fixed interest of 2,15% p.a. and shall collect from the banka variable interest EURIBOR 1M. On 31 December 2013, the fair value of the swap contractis a net gain of147.426 RON (2012: loss 281.340 RON).

The Company's exposures to interest rateson the financial assets are detailedin the section regarding the administration of liquidity risk from this note.

28. FINANCIAL INSTRUMENTS (continue)

(f) Other risks regarding prices

The company is not exposed to risks regardingthe price of equity,coming from investments of equity. The investments of equity are held for strategic purposes,rather than commercial and are not significant. The company doesn't sell actively these investments.

(g) The administration of the credit risk

The credit risk refers to the risk that a third partyshouldn't meet its contract obligations,causing thus financial losses to the Company. The company has adopted a policy of making transactions only with reliable partiesand of obtaining enough guarantees,whenit is the case,as a means to reduce the risk of financial lossesfrom not meeting the contracts. The Company's exposure and the credit ratingsof contract third partieshave been monitored by the management.

Trade receivables consist of a big number of customers,from different industries and geographical areas. The permanent evaluation of the credits is madeon the financial condition of customers and, when it is the case, credit insurance is made.

Cash is held in financial institutions which, upon handing it in, are considered having the lowest risk of non-reimbursement. The company has policies which limit the value of exposure for any financial institution.

The accounting value of receivables, net from the provision for receivables, plus cash and cash equivalents, representthe maximum amount exposed to credit risk. Although the collection of receivablescould be influenced by economical factors, the management considers that there is no significant risk of losses for the Company,beyond the provisions already registered.

The company has no significant exposureto the credit risktowards any other counterpartyor group of counterpartieswith similar characteristics. The company defines counterparties as having similar characteristics when they are affiliated parties. The concentration of credit risk hasn't exceeded 5% of the gross monetary assetsany moment during the year.

(h) The administration of the liquidity risk

The final responsibility for the administration of liquidity riskbelongs to theboard of directors, who has built a corresponding frame of administratingliquidity risksregarding the ensurance of the Company's fundson the short, average and long termand according to the demands onthe administration of liquidities. The company administers the liquidity risksby maintaining some adequate reserves, bank facilities andsome facilities of reserve loan, by continuous monitoring ofreal cash flowsand by putting in correspondence the due profilesof the financial assets and debts. Note 25 includesa list of additional facilitiesnot drawn that the Company has at disposalto reduce even more the riskregarding liquidities of some bank facilitiesand of some facilities of reserve loan,by continuous monitoringof real cash flowsand by putting in correspondence the due profiles of the financial assets and debts.

(i) Fair value of financial instruments

Financial instruments from the balance sheet includecommercial receivables and other receivables,cash and cash equivalent, short and long term loansand other debts, including debts/receivables for derived instruments. The estimated fair values of these instruments approximatetheir accounting values. The accounting values represent the Company's maximum exposureto the credit riskof the existing receivables.

28. FINANCIAL INSTRUMENTS (continue)

Analysis of commercial receivables andtrade effects is the following:

	31 December 2013	31 December 2012
	RON	RON
Not due	41.713.419	51.448.735
In delay, without being impaired	4.912.345	10.067.265
Enrirely impaired and provisioned	12.503.797	13.884.930
TOTAL	**59.129.561**	**75.400.929**

In delay, without being impaired

	31 December 2013	31 December 2012
	RON	RON
Up to 3 months	4.409.691	6.799.332
From 3 to 6 months	51.821	727.784
From 6 to 9 months	192.354	1.641.184
More than 9 months	258.478	898.965
TOTAL	**4.912.345**	**10.067.265**

Enrirely impaired and provisioned

	31 December 2013	31 December 2012
	RON	RON
Up to 6 months	808.817	1.703.413
From 6 to 12 months	1.009.395	1.445.064
Over 12 months	10.685.585	10.736.452
TOTAL	**12.503.797**	**13.884.930**

28. FINANCIAL INSTRUMENTS (CONTINUE)

The accounting values of the company's currenciesexpressedin monetary assets and liabilitieson the reporting date are the following:

2013	**EUR** **1EUR= RON4,4847 EUR**	**USD** **1USD= RON3,2551 USD**	**CHF** **1CHF= RON3,6546 CHF**	**RON** **1 RON RON**	**31 December 2012 Total**
	RON	RON	RON	RON	**RON**
ASSETS (Loans and receivables)					
Cash and cash equivalents	304.247	238.849	-	2.348.733	**2.891.828**
Receivables	3.816.141	(6,449)	-	42.816.072	**46.625.764**
DEBTS (Financial debts)					
Commercial debts and other debts	(24.603.944)	(913.468)	-	(14.255.185)	**(39.772.597)**
Short and long term loans	(34.577.805)	-	-	(15.495.000)	**(50.072.805)**

2012	**1EUR= RON4,4287 EUR**	**1USD= RON3,3575 USD**	**1HUF= RON0,0151 HUF**	**1 RON RON**	**31 December 2012 Total**
	RON	RON	RON	RON	**RON**
ASSETS (Loans and receivables)					
Cash and cash equivalents	19.555	5.854.066	4.072	1.956.887	**7.834.580**
Receivables	3.416.949	28.603	-	58.070.448	**61.516.000**
DEBTS (Financial debts)					
Commercial debts and other debts	(27.036.676)	(1.224.144)	-	(17.369.737)	**(45.630.557)**
Short and long term loans	(63.952.432)	-	-	(1.125.218)	**(65.077.650)**

In order to cover the exposure to the fluctuating risk of the exchange rate, in December 2012 the Company concluded forward contracts to buy EUR at fixed exchange rates, the dates of transactions being in 2013. On 31 December 2012, the fair value of the forward contracts is 28.881 RON.

28. FINANCIAL INSTRUMENTS (continue)

The company is exposed mainly regarding the exchange rate ofEUR compared to RON. The following table showsthe company's sensitivityto an increase and decrease by 10% of EURcompared to RON. 10% is the sensitivity rateused whenthe internal reporting of currency riskis made to the Company's management and it represents the management's estimate on the reasonably possible modificationsof exchange rates. The sensitivity analysis includesonly remained currencyexpressed in monetary elementsand it adjusts the conversion at the end of the periodfor a 10% modification in the exchange rates. In the following table,a negative value indicatesa decrease of the profitwhen RON depreciates by 10% compared to EUR. An improvement by 10% of RONcompared to EURshall have an equal and opposite impact on the profitand other equities,and the balances below will be positive. The modifications will be attributableto the exposure of loansin EURat the end of the year.

	31 December 2013		**31 December 2012**	
	RON	**RON**	**RON**	**RON**
Profit or (loss)	(5.606.136)	5.606.136	(8.755.260)	8.755.260

Tables regardingliquidity and interest rate risks

The following tables detail the dates until dueof the Company's financial debts.

The tables were prepared according to non-updated cash flowsof the financial debts at the closest dateit is likely the Company is asked to pay. The table included both interestand capital cash flows.

On 31 December 2013, in the case of an increase/decrease by 1% of the interest rate in loans, if all the other variables are constant, the net profit of the period would fluctuateas follows, mainly following expenses with higher/lower interestsin loans with variable interest.

	31 December 2013		**31 December 2012**	
	RON	**RON**	**RON**	**RON**
Profit or (loss)	500.728	(500.728)	650.777	(650.777)

28. FINANCIAL INSTRUMENTS (continue)

2013	Less than 1 month	1-3 months	From 3 months to 1 year	1-3 years	3 - 5 years	Total
Non-interest bearing						
Commercialand other debts	(24.864.990)	(13.657.713)	(1.015.068)	(430.758)	-	(39.968.528)
Interest bearing instruments						
Long and short term loans	(804.222)	(1.610.885)	(34.477.481)	(12.053.094)	(1.127.124)	(50.072.806)
Future interests	(184.688)	(385.067)	(1.731.879)	(32.730)	-	(2.334.364)
Non-interest bearing						
Cash and cash equivalents	2.891.828					2.891.828
Receivables	12.521.283	28.200.319	5.900.361	3.800	-	46.625.764

2012	Less than 1 month	1-3 months	From 3 months to 1 year	1-3 years	3 - 5 years	Total
Non-interest bearing						
Commercial debts and other debts	(30.541.320)	(13.687.035)	(5.056.372)	(7.652.496)	-	(56.937.223)
Interest bearing instruments						
Long and short term loans	(947.243)	(1.610.686)	(45.931.386)	(16.588.335)	-	(65.077.650)
Future interests	(126.800)	(244.994)	(961.785)	(985.202)	-	(2.318.781)
Non-interest bearing						
Cash and cash equivalents	7.834.580	-	-	-	-	7.834.580
Receivables	14.289.419	27.828.542	19.365.666	32.373	-	61.516.000

28. FINANCIAL INSTRUMENTS (continue)

Fair value assessment

The fair value of the financial assets and liabilities represents the amountat which a financial instrument could be exchanged into a current transactionbetween two parties, other than forced sales or liquidation.

The accounting value of the main financial assets of the Companyand debtsapproximates their fair valueon 31 December 2013 and 2013 and 2012 as it is presented below. The following methods and hypotheses were used to estimate fair values:

- In case of cash, trade receivables and other current assets, commercial debts and other current debts, their accounting value approximates the fair valuedue tothe short term due datesof these instruments.
- The fair value of short term interest bearing loans,long term interest bearing loans andobligations coming from the financial leasing contractsapproximate their accounting value (interet rates are adjustedregularly enough to reflect the risks associated to the Companyand industry). The Company's long term loans are very specific so as similar contract terms and clauses cannot be easily indetified on the market.

29. TRANSACTIONS WITH AFFILIATED ENTITIES

The entities affiliated and related to the Company are presented thus:

31 December 2013

Branches
Plastsistem SA Bistrita
Politub SA Bistrita
Teraglass Bistrita SRL Bistrita
Related companies (by shareholders /common decision factor)
Omniconstruct S.A.
Magis Investment SRL
Ditovis Impex SRL
ACI Cluj S.A
Trasim Consult SRL
Ferma Pomicola Dragu SRL
GM Ecoinstal SRL
La Casa Ristorante Pizzeria Pane Dolce S.A
Art Investment& Management S.R.L

31 December 2012

Branches
SC Plastsistem SA Bistrita
SC Politub SA Bistrita
SC Teraglass Bistrita SRL Bistrita
Related companies (by shareholders/common decision factor)
Omniconstruct S.A.
Magis Investment SRL
Ditovis Impex SRL
ACI Cluj S.A
Granatul Investment&ManagementSRL
GM Ecoinstal SRL

30. TRANSACTIONS WITH AFFILIATED PARTIES (continue)

Transactions and balances with branches	31 December 2013	31 December 2012
	RON	RON
Sales of goods and services	2.463.120	6.425.717
Purchases of goods and services	3.084.887	6.181.314
Purchases of fixed assets	27.209	49.000
Debit balances	1.606.550	2.175.072
Credit balances	614.603	7.201

Transactions and balances with affiliated parties	31 December 2013	31 December 2012
Sales of net services	5.971	96
Sales of net goods	808.379	102.398
Purchases of net services	187.782	31.068
Purchases of net goods	34.227	4.130
Purchases of net fixed assets	0	0
Debit balances	371.929	3.023
Credit balances	42.158	404

Compensations granted tohigher management personnel
The remuneration of directors and other membersof the higher managementduring the year was the following:

	31 December 2013	31 December 2012
	RON	RON
Directors' salaries, without contributions	2.167.054	2.480.268
Salaries of the board of administration, without contributions	581.000	504.000
Total	**2.748.054**	**2.984.268**

The remuneration of directors andof the personnel with executive positions is determinedby the shareholders, according to the persons' performances and market conditions.

31. RESULT PER SHARE

The result per basic share is calculatedby dividing the profitof the company's shareholders to the average weighted numberof ordinary sharesin progress to be issued during the year, except for ordinary sharesbought by the company andheld as own shares.

	31 December 2013	31 December2012
	RON	RON
(Loss) attributable toowners of equity of the mother company	**5.201.129**	**(8.979.353)**
Average number of shares	288.875.880	297.875.880
Result per share	**0,0180**	**(0,0302)**

The diluted result per shareis equal to the result per basic share.
Following the decision to cancel 9.000.000 shares in 2013 (see note22), the loss per share of the year2012, recalculatedaccording to the new average numberof shares becomes (0,0311) RON/share.

32. CASH AND CASH EQUIVALENTS

For the statement of cash flows,cash and cash equivalents includecash in and bank accounts. Cash and cash equivalentsat the end of the financial year,as they are presentedinthe statement of the cash flow,can be reconciled with elementsof the balance sheet,as follows:

	31 December 2013 RON	31 December 2012 RON
Cash in banks	2.874.358	7.767.062
Cash in hand	4.198	57.185
Cash equivalent	13.272	10.333
Total	**2.891.828**	**7.834.580**

33. COMMITTMENTS AND CONTINGENT

The company has concluded different contractsregarding the purchase of new equipment, detailed as follows in the table below:

Company	Object of contract	Date	Contract value EUR
IPM – Italy	Haul-off,Planetary saw, Threading machine, Slotting machine, RK	17.12.2013	**278.810**
Rollepaal - Holland	Mould die-head, calibration tank, cooling tank,dosing feeder	17.12.2013	**187.500**
Sartorom - Bucharest	Thermostatic bath	13.12.2013	**3.040**
	TOTAL		**469.350**

33. COMMITTMENTS AND CONTINGENT(continue)

On 31 December 2013,the Company has issued letters of warranty, according to the details below:

Issuing bank	'alid period	Amount	Currency	Object of warranty
BRD	12.08.2010-11.08.2015	9.961	RON	for good execution in favor of IMI Cluj Napoca

On 27 August 2013,the Company signed with Banca Transilvania a contract –limit SGB multicurrencywith multiple use,valid through 26 August 2015. The value of the limit is 1.750.000 RON, limit not used on 31 December 2013.

On 10 January 2014,inside this limit,a SGB of 90.000 RON was issued in favor of MOL ROMANIA PETROLEUM PRODUCTS SRL, for payment warrantyaccording to contract, valid through 10.01.2014 – 12.01.2015.

On 31 December 2013,tangible assets and real estate investmentswith a net book value of83.595.521RONrepresent warranty for credits and credit lines (land and constructions – 53.451.262 RON; equipment, machines, other fixed assets – 30.144.012 RON). For bank loans, the Companyguaranteed with all current and future cash available, with all current and future stocks of goods and productsand it transferred the current and future receivables rights, as well as their accessories, coming from current and future contractswith its customers, as assigned debtors. Also, the Company transferredthe rights resulted from the insurance policies issuedhaving as object the immovables and movables brought in warranty.

Potential fiscal debts

In Romania,there is a number of authorized agencieswhich make controls (audits). These controls are similarto fiscal auditsmade by fiscal authorities in many countries,but they can extendnot only to fiscal aspects,but also to legal and set up aspectsin which the respective agency can be interested. It is likely that the Company continue to be submitted from time to time to such controlsfor breaking or alleged breakinglaws and new as well as existing rules. Although the Company can contestthe alledged breaking and penaltieswhen the management considers that it is entitled to act this way,adopting or implementinglaws and rulesin Romania could have a significant effect upon the Company. The fiscal system in Romania is under continuous development,being submitted to many interpretations and constant modifications,sometimes retroactive. The limitation periodof fiscal controlsis 5 years.

The company's administrators consider that the Company's fiscal debts have been calculated and registered according to legal provisions.

Aspects regarding environment

The Company's main activity has inherent effects upon the environment. The effects upon the environment of the Company's activitiesare monitored by local authorities and by the management. Therefore, no provisions have been registered for any kind of eventual non-quantifiable obligations up to now,regarding environment aspects or necessary remedy works.

Each year, the Company has received a certain number of certificates with free title from competent authorities for the emission of gas pollutants, which must be returnedbased on the effective emissions produced every year. These certificates are registered at cost, which is zero. In 2011, the Company's effective emissions were lower thanthe quantity allowedaccording to the certificates received from the environment authorities. In 2012,the Companyfell outof this environement aspect, due to the transfer of activity of burning ceramic platesto Teracota Bistrita SRL.

33. COMMITTMENTS AND CONTINGENT(continue)

Transfer price

The fiscal legislation in Romania includesthe principle of „market value",according to which transactions among affiliated partiesmust take place at the market value. Local tax payers who have transactions with affiliated parties must prepare and hand inat the disposal of fiscal authorities in Romania, upon their written demand,the documentation file of transfer prices. If they don't present the documentation file of transfer pricesor if the file is incomplete,this can lead to applying penalties for non-conformity; besides this, from the contentof the documentation file of transfer prices,fiscal authorities can interprettransactions and circumstancesdifferent from the management's interpretationand therefore, impose additional fiscal obligationsresulted from the adjustment of transfer prices. The Company's management considers that it won't suffer lossesin case of a fiscal control to check transfer prices.Still,the impact of different interpretations of fiscal authoritiescannot be estimated credibly. It can be significant for the financial positionand/or for the Company's operations.

Financial crisis

The recent volatilityof international and Romanian financial markets

The current global crisis of liquidities which startedin the middle of 2007 resulted, among others,in a reduced financing level of the capital market,in reduced liquidity levelsin the financial sector and, occasionally,in higher rates in interbank loansand a very high volatility ofstock markets. Also,the volatility of the leu exchange rate and of the main currencies usedin international exchangewas very high. Currently, the whole impact of the current financial crisis is still impossible to anticipate and to prevent totally.

The management cannot estimate exactly the effects upon the Company's financial positionof a potential dropof liquidities of financial markets,of an increase of volatility of the exchange rate of national currencyand of the continue of recession. The management considers that all necessary measures has been taken in order to ensure the Company's continuity under the current conditions.

The impact upon customers

The Company's customers and other debtorscan be affected by the market conditions,which can affect their ability to reimburse the amounts due. This can also have an impact on the forecast of the Company's managementregarding cash flows and on the evaluation of impairment of financial and non-financial assets. To the extent that there is information available,the management has reflected adequatelythe revised estimates of future cash flowsin the evaluation of impairment.

34. EVENTS SUBSEQUENT TO THE DATE OF THE BALANCE SHEET

On 13 February 2014,the company signed with BRD a contract of seasonal credit of 1.000.000 EUR for financing the purchase ofraw materials, with an interest rate EURIBOR 3M + 3%, due on 30 November 2014, reimbursable according to the graph approved.

On 18 March 2014, modifications took place in thecompany's shareholders structure , the shareholder Dorel Goia bought the shares owned by Societatea de Investitii Financiare Banat-Crisana in Teraplast, that is 11,34%.

35. APPROVAL OF THE FINANCIAL SITUATIONS

These financial situations were approved by the Board of Administrationon 27 March 2014.