

FRIGOGLASS ROMANIA SRL

STAND ALONE ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2016**

**Prepared in accordance with the Order of the
Romanian Minister of Public Finance no. 1802/2014
and subsequent amendments**



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FRIGOGLASS ROMANIA SRL

STAND ALONE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2016

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COUNTY: Timis
 ENTITY: Frigoglass Romania SRL
 ADDRESS: town: Parta
DN 59 Timisoara - Moravita, Km 16
 TELEPHONE: 0256/407.568
 FAX: 0256/395.258
 TRADE REGISTER NUMBER:
J35/3275/1994

OWNERSHIP: 35
 MAIN ACTIVITY
 (CAEN group): Manufacture of non-
 domestic cooling and ventilation
 equipment
 CAEN GROUP CODE: 2825
 UNIQUE REGISTRATION NO:
RO6469724

BALANCE SHEET

(Schedule cod 10)

	<u>Row</u>	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2016</u>
			(RON)	(RON)
A. NON-CURRENT ASSETS				
I. INTANGIBLE ASSETS				
2. Development costs	02		2,544,735	1,976,708
3. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	03		7,548,610	6,154,178
4. Goodwill	04		1,173,006	912,338
6. Advances	06		<u>7,764</u>	<u>3,354</u>
TOTAL	07	1 a)	11,274,115	9,046,578
II. TANGIBLE ASSETS				
1. Land and buildings	08		35,833,965	33,742,634
2. Technical installations and machines	09		49,644,625	46,319,921
3. Other equipment, tools and furniture	10		844,359	792,495
5. Tangible assets in progress	12		10,297,058	7,189,552
9. Advances	16		<u>2,383,271</u>	<u>393,969</u>
TOTAL	17	1 b)	<u>99,003,278</u>	<u>88,438,571</u>
NON-CURRENT ASSETS - TOTAL	25		110,277,393	97,485,149
B. CURRENT ASSETS				
I. INVENTORY				
1. Raw materials and consumables	26		30,331,640	23,060,775
2. Work in progress	27		8,441,758	2,666,937
3. Finished goods and merchandise	28		34,820,944	49,287,138
4. Advances	29		<u>40,718</u>	<u>45,686</u>
TOTAL	30		73,635,060	75,060,536
II. ACCOUNTS RECEIVABLE				
1. Trade receivables	31		151,268,903	129,431,758
4. Other receivables	34		<u>8,247,922</u>	<u>9,348,252</u>
TOTAL	36		159,516,825	138,780,010

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FRIGOGLASS ROMANIA SRL

BALANCE SHEET

(Schedule code 10)

	<u>Row</u>	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2016</u>
			(RON)	(RON)
IV. CASH AND BANK	40	8 i)	<u>12,585,775</u>	<u>10,260,947</u>
CURRENT ASSETS - TOTAL	41		245,737,660	224,101,493
C. PREPAID EXPENSES	42		<u>250,505</u>	<u>275,992</u>
1. Amounts to be expensed in less than one year	43		250,505	275,992
D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR				
2. Amounts due to credit institutions	46	4	16,015,141	56,383,855
3. Advances cashed in orders	47		2,016,950	1,364,671
4. Trade liabilities - suppliers	48		169,276,448	153,538,666
7. Amounts due to associates and jointly controlled entities	51		73,953,278	22,672,879
8. Other liabilities, including tax and social security payables	52		<u>5,366,577</u>	<u>6,210,011</u>
TOTAL	53		266,628,394	240,170,082
E. NET CURRENT LIABILITIES	54		(20,640,229)	(15,792,597)
F. TOTAL ASSETS LESS CURRENT LIABILITIES	55		89,637,164	81,692,552
H. PROVISIONS				
3. Other provisions	67		<u>5,533,839</u>	<u>11,771,395</u>
TOTAL	68		5,533,839	11,771,395

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FRIGOGLASS ROMANIA SRL

BALANCE SHEET

(Schedule code 10)

	Row	Note	31 December 2015 (RON)	31 December 2016 (RON)
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
		6		
1. Subscribed and paid in share capital	80		<u>1,723,810</u>	<u>1,723,810</u>
TOTAL	85		1,723,810	1,723,810
II. SHARE PREMIUM				
	86			
III. REVALUATION RESERVES				
	87	1 b)	12,758,708	12,758,708
IV. RESERVES				
1. Legal reserves	88		344,762	344,762
3. Other reserves	90		<u>11,284,585</u>	<u>11,284,585</u>
TOTAL	91		11,629,347	11,629,347
V. RESULT CARRIED FORWARD				
Balance C	95		54,885,931	48,260,927
VI. RESULT OF THE FINANCIAL YEAR				
Balance C	97	3	<u>3,105,529</u>	-
Balance D	98		-	<u>4,451,635</u>
SHAREHOLDERS' EQUITY - TOTAL	100		<u>84,103,325</u>	<u>69,921,157</u>
SHAREHOLDERS' EQUITY - TOTAL	103		<u>84,103,325</u>	<u>69,921,157</u>

Authorised for issue and signed on behalf of the Board of Directors as at 12 May 2017 by:

ADMINISTRATOR

PREPARED BY,

Name and surname Cotuna RaduName and surname: Rădoi Gabriela

Signature _____

Capacity: Finance Manager

Signature _____

Unit's stamp

Registration no. with the professional body

Notes form _____ integral part of the financial statements.

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FRIGOGLASS ROMANIA SRL

PROFIT AND LOSS STATEMENT

(Schedule code 20)

	<u>Row</u>	<u>Note</u>	<u>2015</u>	<u>2016</u>
			(RON)	(RON)
1. Net turnover	01	8 c)	<u>427,585,961</u>	<u>419,973,498</u>
Production sold	02		378,239,161	359,365,026
Income on sale of goods	03		49,819,093	62,272,248
Trade discounts granted	04		472,293	1,663,776
2. Income related to the cost of work in progress				
<u>Balance C</u>	07		5,748,018	12,721,069
<u>Balance D</u>	08		-	-
3. Production realised by the undertaking for own purposes and capitalised	09		361,809	300,926
7. Other operating income	13		<u>3,524,680</u>	<u>1,649,742</u>
OPERATING INCOME – TOTAL	16		437,220,468	434,645,235
8. a) Raw material and consumable expenses	17		207,851,535	192,087,740
Other materials	18		3,642,629	2,791,790
b) Other external expenses (energy and water)	19		1,794,268	1,925,799
c) Merchandise expenses	20		42,952,226	55,993,416
Trade discounts received	21		-	235,778
9. Staff costs, out of which:	22		<u>44,963,258</u>	<u>45,972,583</u>
a) Wages and salaries	23		36,892,859	37,856,445
b) Expenses with insurance and social security contribution	24	7 c)	8,070,399	8,116,138
10. a) Tangible and intangible assets value adjustment	25	1 a), b)	<u>17,083,346</u>	<u>19,075,826</u>
a.1) Expenses	26		17,083,346	19,075,826
a.2) Revenues	27		-	-
b) Current assets value adjustment	28		<u>904,900</u>	<u>438,459</u>
b.1) Expenses	29		904,900	438,459

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FRIGOGLASS ROMANIA SRL

PROFIT AND LOSS STATEMENT

(Schedule code 20)

	<u>Row</u>	<u>Note</u>	<u>2015</u>	<u>2016</u>
			<u>(RON)</u>	<u>(RON)</u>
11. Other operating expenses	31		<u>101,858,771</u>	<u>104,374,418</u>
11.1 External services expenses	32	8 j)	97,468,444	97,195,057
11.2 Other taxes and similar expenses; transfers and contributions due under special regulations	33		1,227,482	1,369,689
11.6 Other expenses	37		3,162,845	5,809,672
Provision adjustments	39	2	<u>1,246,595</u>	<u>6,559,730</u>
Expenses	40		7,352,227	11,742,095
Revenues	41		<u>6,105,632</u>	<u>5,182,365</u>
OPERATING EXPENSES – TOTAL	42		422,297,528	428,983,983
OPERATING RESULT				
- Profit	43		14,922,940	5,661,252
13. Interest income	47		55,595	16,751
15. Other financial income	50		<u>9,486,286</u>	<u>6,813,235</u>
FINANCIAL INCOME – TOTAL	52		9,541,881	6,829,986
17. Interest expense	56		8,511,507	7,891,408
- out of which, expenses with affiliated undertakings	57	8 h)	6,332,422	3,737,223
Other financial expenses	58		<u>11,299,716</u>	<u>7,229,831</u>
FINANCIAL EXPENSES – TOTAL	59		19,811,223	15,121,239
FINANCIAL RESULT				
- Loss	61		10,269,342	8,291,253
TOTAL INCOME	62		446,762,349	441,475,221
TOTAL EXPENSES	63		442,108,751	444,105,222

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FRIGOGLASS ROMANIA SRL

PROFIT AND LOSS STATEMENT

(Schedule code 20)

	<u>Row</u>	<u>Note</u>	<u>2015</u> <u>(RON)</u>	<u>2016</u> <u>(RON)</u>
18. GROSS RESULT				
- Profit	64		4,653,598	-
- Loss	65		-	2,630,001
19. Income tax	66		<u>1,548,069</u>	<u>1,821,634</u>
21. NET RESULT OF THE FINANCIAL YEAR				
- Profit	68	3	<u>3,105,529</u>	-
- Loss	69		-	<u>4,451,635</u>

Authorised for issue and signed on behalf of the Board of Directors as at 12 May 2017 by:

ADMINISTRATOR

PREPARED BY,

Name and surname Cotuna Radu

Name and surname: Rădoi Gabriela

Signature _____

Capacity: Finance Manager

Signature _____

Unit's stamp



Registration no. with the professional body

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FRIGOGLASS ROMANIA SRL

STATEMENT OF CASH FLOW

	<u>Note</u>	<u>2015</u> (RON)	<u>2016</u> (RON)
Cash flows from operating activities:			
Net cash from operating activities	9	49,111,933	29,678,410
Interest paid		(8,327,847)	(4,158,569)
Income tax paid		<u>(1,548,069)</u>	<u>(1,821,634)</u>
Net cash flow generated by operating activities		39,236,017	23,698,207
Cash flows from investment activities:			
Cash payments for acquisition of land and fixed assets, intangible assets and other non-current assets		(35,095,099)	(11,022,848)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other non-current assets		271,086	75,758
Interest proceeds		<u>55,595</u>	<u>16,751</u>
Net cash flow (used in) investment activities		(34,768,418)	(10,930,339)
Cash flows (used in) / from financing activities:			
Cash proceeds from loans		34,115,730	40,571,797
Cash repayment of loans		<u>(25,122,529)</u>	<u>(97,301,044)</u>
Net cash flow generated by/ (used in) financing activities		8,993,201	(56,729,247)
Net increase / (decrease) in cash and cash equivalents		13,460,800	(43,961,379)
Cash and cash equivalents at the beginning of the financial year	8 i)	(14,120,005)	(1,089,162)
Effect of exchange rate changes on the opening balance of cash and cash equivalents		<u>(429,957)</u>	<u>(1,072,367)</u>
Cash and cash equivalents at the end of the financial year	8 i)	<u>(1,089,162)</u>	<u>(46,122,908)</u>

ADMINISTRATOR

PREPARED BY,

Name and surname Cotuna Radu

Name and surname: Rădoi Gabriela

Signature _____

Capacity: Finance Manager

Signature _____

Unit's stamp



Registration no. with the professional body

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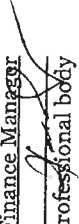
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity Item	Balance as at	Increases	Decreases/	Balance as at	Increases	Decreases/	Balance as at
	1 January 2015 (RON)	(RON)	Distributions (RON)	31 December 2015 (RON)	(RON)	Distributions (RON)	31 December 2016 (RON)
	1	2	3	4	6	7	8
Subscribed share capital (Note 6)	1,723,810	-	-	1,723,810	-	-	1,723,810
Revaluation reserves (Note 1 b))	12,758,708	-	-	12,758,708	-	-	12,758,708
Legal reserves	344,762	-	-	344,762	-	-	344,762
Other reserves	11,284,585	-	-	11,284,585	-	-	11,284,585
Result carried forward representing the profit not distributed or loss not covered							
Credit balance	47,398,694	6,453,022	-	53,851,716	3,105,529	-	56,957,245
Result carried forward from correction of accounting errors (Note 5 V)							
Credit balance	1,034,215	-	-	1,034,215	-	9,730,533	(8,696,318)
Result of the financial year							
Credit balance	6,453,022	3,105,529	6,453,022	3,105,529	-	3,105,529	-
Debit balance					4,451,635		4,451,635
Total shareholders' equity	80,997,796	9,558,551	6,453,022	84,103,325	(1,346,106)	12,836,062	69,921,157

ADMINISTRATOR

Name and surname: Cotuna RaduSignature 

Unit's stamp

Name and surname: Rădoi GabrielaCapacity: Finance ManagerSignature 

Registration no. with the professional body

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

REPORTING ENTITY

These financial statements have been prepared by Frigoglass Romania SRL (the "Company").

1. NON-CURRENT ASSETS

a) Intangible assets

	<u>Development expenses</u> (RON)	<u>Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets</u> (RON)	<u>Goodwill</u> (RON)	<u>Advances</u> (RON)	<u>Total</u> (RON)
Gross value					
Balance as at 1 January 2016	13,828,035	49,159,469	1,303,340	7,764	64,298,608
Additions	1,065,834	664,985	-	-	1,730,819
Reclassifications	-	-	-	4,410	4,410
Balance as at 31 December 2016	14,893,869	49,824,454	1,303,340	3,354	66,025,017
Accumulated value adjustments					
Balance as at 1 January 2016	11,283,300	41,610,859	130,334	-	53,024,493
Adjustments in the current year	1,633,861	2,059,417	260,668	-	3,953,946
Disposals or reversals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Balance as at 31 December 2016	12,917,161	43,670,276	391,002	-	56,978,439
Net carrying amount as at					
1 January 2016	<u>2,544,735</u>	<u>7,548,610</u>	<u>1,173,006</u>	<u>7,764</u>	<u>11,274,115</u>
31 December 2016	<u>1,976,708</u>	<u>6,154,178</u>	<u>912,338</u>	<u>3,354</u>	<u>9,046,578</u>

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

b) Tangible assets

	Land and buildings (RON)	Technical installations and machines (RON)	Other plant, equipment and furniture (RON)	Tangible assets in progress (RON)	Advances (RON)	Total
Gross value						
Balance as at 1 January 2016	38,559,041	140,337,712	2,573,811	10,297,058	2,383,271	194,150,893
Additions	338,937	4,013,785	104,009	2,889,907	1,282,896	8,629,534
Transfers	430,110	4,692,791	86,957	(5,209,858)	-	-
Ceded assets and other disposals	-	(522,528)	-	(787,555)	(3,272,198)	(4,582,281)
Balance as at 31 December 2016	39,328,088	148,521,760	2,764,777	7,189,552	393,969	198,198,146
Accumulated value adjustments						
Balance as at 1 January 2016	2,725,076	90,693,087	1,729,452	-	-	95,147,615
Charge for the year	2,860,378	12,018,672	242,830	-	-	15,121,880
Disposals or reversals	-	(509,920)	-	-	-	(509,920)
Balance as at 31 December 2016	5,585,454	102,201,839	1,972,282	-	-	109,759,575
Net carrying amount as at						
1 January 2016	<u>35,833,965</u>	<u>49,644,625</u>	<u>844,359</u>	<u>10,297,058</u>	<u>2,383,271</u>	<u>99,003,278</u>
Net carrying amount as at						
31 December 2016	<u>33,742,634</u>	<u>46,319,921</u>	<u>792,495</u>	<u>7,189,552</u>	<u>393,969</u>	<u>88,438,571</u>

Revaluation of tangible assets

The most recent revaluation of tangible fixed assets has been performed at 31 December 2014, applying the net value method. Elements of the categories land, buildings and special constructions have been subject to the revaluation (as specified in Note 5 D).

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NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

The movement in the revaluation reserve account during the financial year is the following

	<u>2015</u> (RON)	<u>2016</u> (RON)
Revaluation reserve at the beginning of the financial year	12,758,708	12,758,708
Differences from revaluation in the current financial year	-	-
Realised surplus transferred from the revaluation reserve to retained earnings	<u>-</u>	<u>-</u>
Revaluation reserve at the end of the financial year	<u>12,758,708</u>	<u>12,758,708</u>

Treatment of revaluation reserves for tax purpose

According to tax legislation in Romania, until 1st May 2009 revaluation reserves for tangible non-current assets became taxable once their purpose was changed. Following the amendment of the Tax Code, effectively from 1st May 2009 differences from revaluation of fixed assets made after 1 January 2004, which are deducted through fiscal amortisation or expenses with disposals of assets when calculating the taxable profit, are taxable simultaneously with the deduction of tax depreciation, respectively at the moment when these fixed assets are disposed.

Pledged and restricted tangible assets

As at 31 December 2015, respectively 31 December 2016, the Company does not have fixed assets pledged and restricted.

Tangible assets used under leasing contracts where the Company is the lessee

As at 31 December 2015, respectively 31 December 2016, the Company does not have equipment used under financial leasing contracts.

Non-cash transactions

Intangible assets include:

	<u>2015</u> (RON)	<u>2016</u> (RON)
Aquisitions financed by credit agreements concluded with assets' suppliers	<u>8,807,570</u>	<u>4,225,641</u>

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

2. PROVISIONS

<u>Type of provision</u>	<u>Balance as at 1 January 2016</u> (RON)	<u>Into account</u> (RON)	<u>Transfers</u>		<u>Balance as at 31 December 2016</u> (RON)
			<u>From account</u> (RON)		
Provisions for warranties granted to customers	3,438,620	9,444,988	4,114,981		8,768,627
Provisions for spare parts free of charge	1,572,759	734,278	1,241,974		1,065,063
Provisions for recycling of electrical equipment	447,982	14,832	13,188		449,626
Provisions for staff bonuses	<u>74,478</u>	<u>1,469,390</u>	<u>55,789</u>		<u>1,488,079</u>
Total	<u>5,533,839</u>	<u>11,663,488</u>	<u>5,425,932</u>		<u>11,771,395</u>

3. PROFIT DISTRIBUTION

The accounting result for the year 2016 is an accounting loss amounting to RON 4,451,635. The result for 2015 was allocated to the result carried forward.

<u>Purpose</u>	<u>Profit distribution in 2016 from 2015 year profit</u> (RON)	<u>Proposal for distribution of 2016 year profit</u> (RON)
Net profit / (Net loss)	3,105,529	(4,451,635)
Profit distribution to:		
- Result carried forward	<u>(3,105,529)</u>	<u>-</u>
Profit not distributed	<u>-</u>	<u>(4,451,635)</u>

4. ACCOUNTS PAYABLE

As at 31 December 2016, the Company does not have payables due over 5 years.

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

Amounts due to credit institutions

The Company uses the following loan facilities (overdraft):

- **ALPHA BANK ROMANIA** - a facility obtained in 1997, initially amounting to USD 4 million, for the financing of working capital. In 2014, the ceiling increased to EUR 8.5 million. Interest is variable, calculated as "ROBOR / EURIBOR" at 3 months plus a margin of 5.5% per annum and is paid on the last day of each month for the current month. The loan is guaranteed by a comfort letter from the parent company, Frigoglass SAIC, Greece and a pledge on the current account. The facility was initially extended until 31 March 2016 and later until 30 June 2016 and by the end of 2016 was extended monthly with margin change on 12 September 2016 for the amounts used in EUR at 6% per annum and 4% per annum for the amounts used in RON.
On 4 February 2016, the Company contracted a new credit facility of EUR 15 million from Alpha Bank Romania SA. The loan was contracted for working capital and other needs of the Company. The amount can be drawn in EUR. The interest rate is EURIBOR at 3 months + 4%. The loan is guaranteed by a comfort letter from the parent company, Frigoglass SAIC, Greece and the mortgage on the current accounts of the Company. The facility is extended monthly. The facility was extended until 31 March 2017 under the same conditions and on the extension of 13 April 2017 the interest margin was changed, thus for the amounts used in the EUR the interest margin being of 3.25% per annum and 4% per annum for the amounts used in RON. The facility is extended until 31 August 2017.
- **FRIGOGLASS FINANCE BV** - loan received in May 2013 for the purpose of debt refinancing and the increase of financial cash, valid until 20 May 2016, repayable on demand. The credit facility was extended until 20 May 2017. The interest rate is 9.1331% per annum. The initial contracted amount was EUR 23,000,000. The balance of the loan as at 31 December 2015 was RON 73,953,278, out of which RON 72,844,450 represents the principal and RON 1,108,828 represents unpaid interest (Note 8 h)). The balance of the loan as at 31 December 2016 was RON 22,672,879, out of which RON 17,778,407 represent the principal and RON 4,894,472 represented the interest. Details of the 2016 withdrawals of the loan received from Frigoglass Finance BV are presented in Note 8 d).
- **ING Bank:**
 - a loan of EUR 2,000,000 valid until 31 May 2016. Refunds are made on the last day of each quarter in equal installments. The interest rate is EURIBOR at 3 months + 4.5%. The loan was fully reimbursed on 31 May 2016.
 - a loan of EUR 3,000,000. The interest rate is EURIBOR at 3 months + 3.9%, fully repaid on 30 June 2016.

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- **MILLENIUM** - loan amounting to EUR 5,200,000 out of which:
 - 2,500,000 EUR loan for financing the current activity, loan that can be used in EUR and RON. Interest is paid monthly for RON withdrawals: ROBOR at 3 months plus a margin of 3.85% and EURIBOR at 3 months plus a margin of 4.3% for withdrawals in EUR. The loan was reimbursed in December 2015.
 - EUR 1,700,000: working capital that can be used both in EUR and in RON. The new contract is signed in April 2013 and the reimbursement is made quarterly on the 27th of each quarter. The interest rates applied are ROBOR at 3 months plus a margin of 3.85% for RON and EURIBOR at 3 months plus a margin of 4.3% for withdrawals in EUR. The loan was fully repaid on 25 April 2016.

Balances of bank loans are presented as follows:

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Alpha Romania	13,674,937	56,383,855
ING Romania	1,064,728	-
Millennium	<u>1,270,995</u>	<u>-</u>
	16,010,660	56,383,855
Interest ING Romania	<u>4,481</u>	<u>-</u>
Total loans	<u>16,015,141</u>	<u>56,383,855</u>

5. ACCOUNTING POLICIES, PRINCIPLES AND METHODS

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

A Basis of preparation

(1) General information

These financial statements have been prepared in accordance with:

- (i) The Accounting Law no 82/1991 republished in November 2012 ("Law 82");
- (ii) Accounting regulations regarding the annual stand alone financial statements and annual consolidated financial statements, approved by the Order of the Minister of Public Finance of Romania 1802/2014 and subsequent amendments ("OMF 1802").

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Considering the size criteria disclosed in OMF 1802, the Company fits in the category of medium and large entities.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies.

(2) Use of estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are made by the Company's management based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

(3) Going concern

As at 31 December 2016, the Company recorded a net loss of RON 4,451,635 (31 December 2015: accounting profit of RON 3,105,529). As at 31 December 2016, the Company had net current liabilities of RON 15,792,597 (31 December 2015: net current liabilities amounting to RON 20,640,229).

As presented in Note 8 h), a significant proportion of the Company's sales and purchases are carried out with related parties. Also, a significant proportion of receivables and payables arise from transactions with related parties.

The Company's management estimates that the business will become profitable in the future and that the Company will continue to have support from related parties.

The accompanying financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

Based on these reviews, the management believes that the Company will be able to continue to operate as a going concern in the foreseeable future and, therefore, this principle should be applied in the preparation of these financial statements.

(4) Measurement currency

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei.

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B Foreign currency translation

Foreign currency transactions of the Company are translated into the measurement currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. At each month end, foreign currency balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result. Advances do not represent monetary elements and are not the object of translation based on foreign exchange.

C Intangible assets

(i) Set-up expenses

Set-up expenses are depreciated in a period of 5 years.

(ii) Development expenses

Development expenses generated by the application of the research results or other information for a plan or project with the purpose of developing materials, devices, products, processes, systems or new services or substantially improved, before establishing the series production or trade use, are recognized as intangible assets and are amortised during the contract or use period.

An intangible asset generated by the development (or the development phase of an internal project) is recognised when the following criteria are met:

- a) from technical point of view its completion is feasible, so that it should be available for use and sale;
- b) the management intends to complete it and to use or sell this intangible asset;
- c) there is an ability to use or sell it;
- d) the manner in which the intangible asset will generate possible future economic benefits can be demonstrated;
- e) technical, financial and other adequate resources are available in order to complete the development and to use or sell the intangible asset;
- f) expenses attributed to the asset during its development period can be reliably measured.

Development expenses which do not fulfil the previous mentioned criteria are transferred to expenses when they are performed. Development expenses which have been transferred to expenses are not capitalised in the subsequent periods.

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(iii) Goodwill

Goodwill represents the difference between the purchase cost and the fair value at the transaction date of the net assets purchased.

The goodwill is recognised when purchased or at merger, when all or a part of the assets are transferred and, as appropriate, when liabilities and equity are transferred. The transfer should be related to a business, represented by an integrated set of activities and assets organised for the purpose of obtaining benefits. Assets and liabilities received when the transfer is received are recorded at fair value determined by their individual assessment.

Goodwill is amortised using the straight-line method in a 5 year period.

Internally generated goodwill is not recognised as an asset.

(iv) Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets

Concessions, patents, licenses, trademarks and other intangible assets are recorded at purchase cost or at the input value.

Received concessions are reflected as intangible assets when the concession contract establishes a determined period and value for the concession. Amortisation of concession is recorded for its length of use, established in accordance to the contract.

Patents, licenses, trademarks and other intangible assets are amortised using the straight-line method in a period of 3 years.

(v) Advances and other intangible assets

Within advances and other intangible assets are also recorded the advances granted to intangible assets' suppliers, the software programs created by the entity or purchased from third parties for own use necessities, as well as other intangible assets.

Other intangible assets are amortised using the straight line method in a period of 3 years

Expenses which allow intangible assets to generate future economic benefits over the performance initially forecasted are added to their original cost. These expenses are capitalised as intangible assets if they are not integrant part of tangible assets.

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D Tangible assets

(1) Cost/valuation

Tangible assets are initially recorded at purchase cost.

The Company revaluated its land, buildings and special constructions on the basis of government decision ("GD") 983/1998 and respectively OMF 3055 as at 31 December 2008, 31 December 2010 and 31 December 2014. The revaluation surplus was credited to the revaluation reserve within equity. Accumulated amortization at the revaluation date is recalculated proportionately to the change in the gross value of the asset/ eliminated out of the gross value and the net amount is recalculated at the revalued amount of the asset.

The fair values of revalued tangible assets are updated with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If there is no market based evidence of fair value, fair value is estimated using net cash flows or depreciated replacement cost approach.

If a fully depreciated tangible fixed asset is further used, the entity may revalue. At reassessment, the Company establishes a new value and a new economic useful life.

The expenditure on repairs or maintenance of tangible assets is recognised as incurred while the significant improvements which increase the value or useful life of the assets, or which increase their revenue generating capacity are capitalised.

(2) Depreciation

Depreciation is determined at restated cost using the straight-line method over the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Years</u>
Buildings	5 - 45
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 - 30

Depreciation is computed starting with the month following the commissioning and until total recovery of the entry value.

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Land is not depreciated as it is considered to have an indefinite useful life.

(3) Sale/disposal of tangible assets

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the balance sheet along with the corresponding accumulated depreciation. Any gain or loss resulting as a difference between the revenue generated by the disposal and value not depreciated, including expenses caused by such operation, is included in the profit and loss statement, within "Other operating income" or "Other operating", as appropriate.

When the Company recognises in the carrying value of a tangible asset the cost of a partial disposal the carrying amount of the replaced part, and the related depreciation, is derecognised.

(4) Borrowing costs

Interest expense on borrowings expensed when incurred.

(5) Sale and leaseback

If the Company sells and leases back assets under finance lease arrangement the transaction is treated as financing arrangement and the asset is not derecognised.

E Impairment of tangible and intangible assets

At each year-end, the items of property, plant and equipment and other non-current assets are reconciled with the results of the annual count. For this purpose, the carrying value is compared with the value established on stock-count, referred to as the annual count value. If this value is lower than the carrying value, the differences are accounted for as additional depreciation and amortization for assets where depreciation is irreversible, or as an adjustment for depreciation, where depreciation is reversible. The annual count value is determined based on the asset's utility, condition and market price.

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F Inventories

Inventories are stated at the lowest value between cost and estimated net realizable value. Cost is generally determined using the weighted average cost method computed periodically. The cost of finished goods and production in progress includes materials, labour and the related indirect production costs. Provision is made against slow moving, damaged and obsolete stocks, when necessary. The net realizable value is estimated based on the selling price less any completion and selling expenses.

Commercial discounts granted by supplier reduce the cost of inventories, if the inventories are still in the balance at year-end.

G Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

H Short term financial investments

These include the short-term deposits at banks (excepting those described in section J).

I Cash and cash equivalents

Cash and cash equivalents are recorded at cost in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank accounts, net of overdraft. In the balance sheet, the overdrafts are disclosed within "Current liabilities" – "Amounts due to credit institutions". Short term bank deposits of less than 3 months are included in cash and cash equivalents if they are held in order to cover short term cash needs and not for investment purposes.

J Share capital

Ordinary shares are classified as own equity.

K Dividends

The dividends on ordinary shares are recognised in the shareholders' equity when declared.

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L Borrowings

Short and long term borrowings are recognised initially at the proceeds received. Any difference between proceeds and the redemption value is recognised in the statement of profit and loss over the period of the borrowing contract.

The short-term portion of long-term borrowings is classified as “Debts: amounts to be paid in less than a year” and included together with interest accumulated at the balance sheet date in “Amounts due to credit institutions”, from the ‘Current liabilities’.

M Accounting for leases where the Company is the lessee

(1) Financial leasing agreements

The leasing contracts for the tangible assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate during the reimbursement period. The corresponding rental obligations are included either in current or non-current liabilities. The interest element of the finance cost is charged to the profit and loss statement over the lease period. The assets acquired under finance leases are capitalized and depreciated over their useful life.

(2) Operating lease agreements

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss statement on a straight-line basis over the period of the lease.

N Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

O Provisions

Provisions for risk and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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No provisions are recognised for future operating losses.

P Employee benefits

Pensions and other post retirement benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the profit and loss statement together with the related salary costs.

The Company does not operate any other pension scheme or post retirement benefit plan and, consequently, has no obligation in respect of pensions.

Q Taxation

Current income tax

The Company records current income tax based upon taxable income from the financial statements, in accordance with the relevant tax legislation.

R Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services.

Revenues from goods sales are recognised when the Company has transferred the main risks and benefits related to the goods possession to the purchaser.

Revenue from rendering of services is recognised as the services are rendered, based on documents attesting the stage of execution of works and the acceptance of services rendered.

Interests are recognised periodically and proportionally as the respective revenue is generated on an accountancy engagement basis.

Commercial discounts granted after invoicing are recorded in the profit and loss statement as part of operating income, in the position "commercial discounts granted".

Revenues and costs are shown gross in these financial statements. Amounts payable to and receivable from the same operators are shown net in the balance sheet when a right of set-off exists.

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S Turnover

The turnover represents the amounts invoiced and to be invoiced, net of VAT and discounts, in relation to the goods and services provided to third parties.

T Operating expenses

The operating expenses are recognised in the period they refer to.

Operating expenses include also expenses with commercial discounts received after invoicing if the inventories for which they have been received are no longer in the balance at year-end.

U Financial expenses

Financial expenses are recognized in the period to which they refer.

V Correction of accounting errors related to prior periods

Correction of accounting errors related to prior periods and found in the in the accounting of the current year shall be performed based on retained earnings. Prior period errors are omissions from, and misstatements in, the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts.

Details on accounting errors related to prior periods are presented in Note 8 k).

6. INVESTMENTS AND FINANCING SOURCES

The value of the subscribed share capital as at 31 December 2016 amounted to RON 1,723,810 (31 December 2015: RON 1,723,810) representing 172,381 shares (31 December 2015: 172,381 shares). All shares are ordinary and were subscribed and fully paid as at 31 December 2016. All shares carry equal voting rights and have a nominal value of RON 10 per share (31 December 2015: RON 10 per share).

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

	<u>Number of shares</u>	<u>Amount (RON)</u>	<u>Percentage (%)</u>
Frigoglass Cyprus Limited	1,724	17,240	1
Frigoinvest Holdings Bv	<u>170,657</u>	<u>1,706,570</u>	<u>99</u>
	<u>172,381</u>	<u>1,723,810</u>	<u>100</u>

7. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND OTHER KEY PERSONNEL

a) Remuneration of the members of the administrative, management and supervisory bodies and other key personnel

	<u>2015 (RON)</u>	<u>2016 (RON)</u>
<i>Salaries and benefits paid to:</i>		
Directors	<u>3,008,019</u>	<u>3,020,322</u>
	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
<i>Salaries payable as at the end of the period:</i>		
	<u>265,356</u>	<u>302,670</u>

b) Advances and loans to the members of the administrative, management and supervisory bodies and other key personnel

As at 31 December 2015, respectively 31 December 2016, the Company did not have advances and loans to the members of the administrative, management and supervisory bodies.

c) Employees

The average number of employees during the year was the following:

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	<u>2015</u>	<u>2016</u>
Administration staff	132	138
Production staff	<u>748</u>	<u>801</u>
	<u>880</u>	<u>939</u>

Expenses with employees include the following:

	<u>2015</u>	<u>2016</u>
	(RON)	(RON)
Social security expense	5,642,651	5,678,619
Pensions expense	<u>82,091</u>	<u>22,247</u>
	<u>5,724,742</u>	<u>5,700,866</u>

7. OTHER INFORMATION

a) Information regarding the Company

Frigoglass Romania SRL was set up in 1994 in Romania, as a limited liability company. The Company's address is: Parta, DN 59 Timisoara - Moravita, KM 16, Timis County.

The Company's business activity is the production and sale of refrigerators, small and large freezers and refrigerated display case.

The Company is part of the Frigoglass Group.

b) Information regarding the relationship of the Company with the subsidiaries, associated undertakings or other enterprises in which the Company holds investments

The Company does not have subsidiaries, associated undertakings and does not holds investments in other enterprises.

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c) Turnover

Turnover presentation by types of market:

	<u>2015</u> (RON)	<u>2016</u> (RON)
Production sold	378,239,161	359,365,026
Income from sale of goods	49,819,093	62,272,248
Commercial discounts granted	<u>472,293</u>	<u>1,663,776</u>
Total	<u>427,585,961</u>	<u>419,973,498</u>

From the total turnover, 88.99% is made in relation with clients outside Romania (2015: 88.55%).

d) Events subsequent to the balance sheet date

(i) Funding

FRIGOGLASS FINANCE BV

In 2017, the Company made withdrawals of EUR 1 million from the loan granted by Frigoglass Finance BV.

(ii) Change of administrator

On 1 March 2017, the Company's Administrator changed, Mr. Pappas Aristeides being replaced with Mr. Fafalios Emmanouil for an indefinite period.

(iii) Loan transfer

On 28 February 2017, the amount of EUR 4,992,816 due to Frigoglass Finance BV was transferred to Frigoinvest Holdings BV.

e) Rent expenses and installments paid under an operating lease

The Company recorded the following expenses (Note 8 j)):

	<u>2015</u> (RON)	<u>2016</u> (RON)
Rents	13,227,287	12,441,058
Operating lease	<u>739,065</u>	<u>711,004</u>
	<u>13,966,352</u>	<u>13,152,062</u>

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f) Fees paid to auditors / censors

In 2015 and 2016 the Company paid to the auditors fees as per contract provisions.

g) Contingent liabilities and commitments undertaken

(i) Capital commitments

As at 31 December 2015, respectively 31 December 2016, the Company did not have capital commitments.

(ii) Guarantees granted to third parties

As at 31 December 2016, the Company issued the following guarantee letters to the beneficiaries:

- letter of guarantee of RON 13,700 issued by Alpha Bank Romania in favour of the National Agency for Fiscal Administration - Timis Interior Customs Office and valid until 30 November 2016, the letter was extended on 5 December 2016 to 30 November 2017;
- as at 31 December 2015, the Company has a letter of guarantee of RON 97,711 issued by Alpha Bank Romania SA in favour of General Direction of Large Contributors, valid until 30 November 2016, the letter was extended on 5 December 2016 to 30 November 2017;
- letter of guarantee of EUR 395,000 issued by Alpha Bank Romania in favour of Lipoplast and valid until 31 December 2016, the letter expired on maturity;
- EUR 200,000 counter-guarantee letter issued by Alpha Bank Romania as of 9 November 2016 in favour of Unicredit Spa for Commit Siderurgica Spa and valid until 12 October 2017;
- letter of bank guarantee issued by ING Bank Romania in amount of EUR 400,000 valid until 31 December 2016 in favour of Commit Siderurgica Spa, letter which expired on maturity.

As at 31 December 2015, the Company issued the following warranty letters to the beneficiaries:

- letter of guarantee of RON 13,700 issued by Alpha Bank Romania in favour of the National Agency for Fiscal Administration - Timis Interior Customs Office and valid until 30 November 2016;
- letter of bank guarantee issued by ING Bank Romania in amount of EUR 400,000 valid until 31 December 2016 in favour of Commit Siderurgica Spa;
- as at 31 December 2015, the Company has a letter of guarantee of RON 97,711 issued by Alpha Bank Romania SA in favour of the General Direction of Large Contributors, valid until 30 November 2016.

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(iii) Operating lease commitments where the Company is the lessee

	<u>2015</u> (RON)	<u>2016</u> (RON)
Under 1 an	4,678,795	4,648,449
Between 1 - 5 years	<u>1,121,560</u>	<u>1,256,613</u>
	<u>5,800,355</u>	<u>5,905,062</u>

h) Related party transactions

The nature of the relationships with the related parties / affiliated undertakings to which the Company have significant transactions or significant outstanding balances at the balance sheet date are detailed below.

<u>Entity</u>	<u>Category</u>
Frigoglass Indonesia PT	entity under common control
Frigoglass SA	entity under common control
Frigoglass Eurasia LLC	entity under common control
Frigoglass Nordic AS	entity under common control
Frigoglass Iberica S.L.	entity under common control
Frigoglass Ltd.	entity under common control
Frigoglass GmbH	entity under common control
Frigoglass Sp.zo.o.	entity under common control
Frigoglass India Private Ltd.	entity under common control
Scandinavian Appliances AS	entity under common control
3P Frigoglass SRL	entity under common control
Frigoglass South Africa (PTY) Ltd.	entity under common control
Frigoglass East Africa Ltd	entity under common control
Frigoglass Industries Nigeria Ltd	entity under common control
Frigoglass Cypru	entity under common control
Frigoglass Turkey Sogutma	entity under common control
Frigoglass Industries Nigeria	entity under common control
Frigoglass Ice- Cold Eq	entity under common control
C.C. Beverages Belorussiya	entity under common control
C.C. Beverages Bosnia	entity under common control
C.C. Beverages Hungary KFT	entity under common control
C.C. Beverages of Estonia LTD.	entity under common control
C.C. Bottlers Lietuva	entity under common control
C.C. Dzerieni	entity under common control
C.C. HBC. Romania SRL	entity under common control
C.C.HBC Serbja ADN Zemun	entity under common control
C.C.Hel. Bot. Muntenegru	entity under common control
CC Bev Ucraina	entity under common control
CC HBC Bulgaria AD	entity under common control
CC Kosovo LLC	entity under common control
Coca Cola BEV.Chisinau	entity under common control
Frigoglass SAIC -Plant Kato Achaia	entity under common control

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

<u>Entity</u>	<u>Category</u>
Frigoglass SAIC - H/O Athens	entity under common control
Frigoglass Finance Bv	entity under common control
Romerquelle Betelligun	entity under common control
Unitary Enterprise CCB	entity under common control
Zagorka AD	entity under common control
Moravia Propag SRO	entity under common control
Frigoglass North America	entity under common control

(1) Sales of goods and services

	<u>2015</u> (RON)	<u>2016</u> (RON)
Sales of goods		
<i>a) parent company</i>	37,702,577	42,009,258
<i>b) other related parties</i>	<u>165,106,566</u>	<u>117,411,716</u>
Total	<u>202,809,143</u>	<u>159,420,974</u>
Sales of services		
<i>a) parent company</i>	3,414,659	2,598,480
<i>b) other related parties</i>	<u>16,440,947</u>	<u>28,250,766</u>
Total	<u>19,855,606</u>	<u>30,849,246</u>

(2) Purchases of goods and services

	<u>2015</u> (RON)	<u>2016</u> (RON)
Purchases of goods		
<i>a) parent company</i>	1,641,678	2,140,845
<i>b) other related parties</i>	<u>58,615,931</u>	<u>56,452,406</u>
Total	<u>60,257,609</u>	<u>58,593,251</u>
Purchases of services		
<i>a) parent company</i>	13,328,001	17,626,883
<i>b) other related parties</i>	<u>2,414,237</u>	<u>13,937,213</u>
Total	<u>15,742,238</u>	<u>31,564,096</u>

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

(3) Balances arising from sales/purchases of goods/services

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Receivables		
<i>a) parent company</i>	79,950,723	63,643,377
<i>b) other related parties</i>	<u>47,522,876</u>	<u>44,978,017</u>
Total	<u>127,473,599</u>	<u>108,621,394</u>
Payables		
<i>a) parent company</i>	43,318,506	20,033,145
<i>b) associates</i>	<u>46,014,145</u>	<u>68,019,761</u>
Total	<u>89,332,651</u>	<u>88,052,906</u>

(4) Borrowings from related parties

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Loans		
<i>a) associates</i>	<u>72,844,450</u>	<u>17,778,407</u>
Interest payable	1,108,828	4,894,472
Interest expense	6,332,422	3,737,223

The terms and conditions of the loan received from the related party Frigoglass Finance BV are presented in Note 4.

i) Cash and bank accounts

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Cash at bank in RON	5,905,057	1,126,166
Cash at bank in foreign currency	6,420,549	8,430,607
Cash on hand	46,571	1,078
Other values	<u>213,598</u>	<u>703,096</u>
	<u>12,585,775</u>	<u>10,260,947</u>

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FRIGOGLASS ROMANIA SRL**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS****FOR THE YEAR ENDED AS AT 31 DECEMBER 2016**

In order to present the statement of cash flows, the cash and cash equivalents include the following items:

	<u>31 December 2015</u> (RON)	<u>31 December 2016</u> (RON)
Current bank accounts and cash on hand	12,585,775	10,260,947
Overdraft	(13,674,937)	(56,383,855)
Short term deposits	<u>-</u>	<u>-</u>
	<u>(1,089,162)</u>	<u>(46,122,908)</u>

j) External services expenses

	<u>2015</u> (RON)	<u>2016</u> (RON)
Other services rendered by third parties	48,176,457	50,170,927
Transport expenses	19,195,766	19,530,666
Royalties and management location (Note 8 e))	13,966,352	13,152,062
Maintenance and repairs	14,007	9,404
Commissions and fees	12,196,123	11,512,177
Travel, secondment and transfer costs	1,295,436	665,331
Protocol, advertising and publicity	575,077	285,895
Postal expenses and telecommunications	269,516	307,420
Insurance premiums	1,022,316	792,108
Banking services and similar	<u>757,393</u>	<u>769,067</u>
	<u>97,468,443</u>	<u>97,195,057</u>

k) Correction of accounting errors related to prior periods

During the financial year ended as at 31 December 2016, the correction of accounting errors related to prior periods created a net accounting loss of RON 9,730,533, as follows:

- provision for inventories of previous years: RON 9,417,778;
- other adjustments related to the previous years: RON 312,755.

The impact of these corrections was recorded in the retained earnings account resulting from the correction of accounting errors (Note 5 V).

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

9. NET CASH FLOW FROM OPERATING ACTIVITY

	<u>2015</u>	<u>2016</u>
	(RON)	(RON)
Operating activities:		
Net profit	3,105,529	(4,451,635)
Adjustments for net result reconciliation with the net cash used in operating activities:		
Value adjustment of tangible and intangible assets	17,083,346	19,075,826
Value adjustment for current assets	904,900	438,459
Value adjustment for provisions	1,246,595	6,559,730
(Loss) / Profit from selling of tangible assets	(132,478)	81,579
Effect of exchange rate changes on the opening balance of cash and cash equivalents	429,957	1,072,366
Effect of exchange rate changes on credits and liabilities	2,801,084	(357,843)
Effect of exchange rate changes on receivables and other receivables	(1,274,464)	(356,225)
Income tax	1,548,069	1,821,634
Interest income	(55,595)	(16,751)
Interest expense	<u>8,511,507</u>	<u>7,891,408</u>
Increase of cash generated from operations before changes in working capital	34,168,450	31,758,548
Changes in working capital:		
Decrease in trade receivables and other receivables	26,646,169	21,422,730
(Decrease) in inventories	(521,046)	(11,156,009)
(Decrease) in trade payables and other payables	<u>(11,181,640)</u>	<u>(12,346,859)</u>
Cash flow generated from operations	<u>49,111,933</u>	<u>29,678,410</u>

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FRIGOGLASS ROMANIA SRL

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2016

10. CONTINGENCIES

(a) Litigations

The Company is subject to several legal actions arisen in the normal course of business. The management of the Company considers that they will have no material adverse effect on the results and the financial position of the Company.

(b) Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, penalties determined by the duration of delay, plus 0.05% per day delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

(c) Transfer pricing

Romanian tax legislation includes the arm's length principle according to which transactions between related parties should be carried out at market value. Local taxpayers engaged in related party transactions have to prepare and make available upon the written request of the Romanian Tax Authorities their transfer pricing documentation file. Failure to present the transfer pricing documentation file, or presenting an incomplete file, may lead to non-compliance penalties; additionally, notwithstanding the contents of the transfer pricing documentation, the tax authorities may interpret the facts and transactions differently from management and impose additional tax liabilities resulting from transfer price adjustments. The Company's management believes that the Company will not suffer losses in case of a fiscal inspection on the subject of transfer prices. However, the impact of any challenge by the tax authorities cannot be reliably estimated. It may be significant to the financial condition and/or the overall operations of the entity.

ADMINISTRATOR

Name and surname Cotuna Radu

Signature _____

Unit's stamp



PREPARED BY,

Name and surname: Rădoi Gabriela

Capacity: Finance Manager

Signature _____

Registration no. with the professional body

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FRIGOGLASS ROMANIASRL**

Our Opinion

1 In our opinion, the financial statements present fairly, in all material respects, the financial position of Frigoglass Romania SRL (the "Company") as of 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Order of the Minister of Public Finance of Romania no. 1802/2014 and subsequent amendments and the accounting policies presented in the Note 5 to these financial statements.

2 **What we have audited**

The Company's financial statements, set out on pages 1 to 34, comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information,

Presenting the following:

- | | |
|------------------------------|----------------------|
| • Total equity and reserves: | lei 69,921 thousand; |
| • Net loss for the year: | lei 4,452 thousand. |

Basis for opinion

3 We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

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

Independence

- 5 We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Romania. We have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of matter

- 6 We draw attention to Note 8 h) to these financial statements, which states that a significant proportion of the Company's sales and purchases are carried out with related parties. Also, a significant proportion of the receivables and payables arise from transactions with related parties. The ability of the Company to continue as going concern and the financial performance of the Company depends on maintaining these relationships in future. Our opinion is not modified in respect of this matter.

Material uncertainty relating to going concern

- 7 We draw attention to Note 5 A 3) to these financial statements, which states that the Company incurred a net loss of lei 4,451,635 during the year ended 31 December 2016 and, as of that date, the Company's current liabilities exceeded its total assets by lei 15,792,597. These matters, along with other matters described in Note 5 A 3), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

- 8 This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.
- 9 The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including the Order of the Minister of Public Finance no. 1802/2014 and subsequent amendments.

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Other information

- 10 The Administrators are responsible for the preparation and fair presentation of the Administrators' Report in accordance with the requirements of the Order of the Minister of Public Finance of Romania no. 1802/2014, articles 489 - 492, and for such internal control as Management determines is necessary to enable the preparation of an Administrators' Report that is free from material misstatement, whether due to fraud or error.

The Administrators' Report is presented on page 1 to 2 and is not a part of the financial statements.

Our opinion on the financial statements does not cover the Administrators' Report.

In connection with our audit of the financial statements for the year ended 31 December 2016, our responsibility is to read the Administrators' Report and, in doing so, consider whether there are any significant inconsistencies between the Administrators' Report and the financial statements, whether the Administrator's Report includes, in all material respects, the information required by the Order of the Minister of Public Finance of Romania no.1802/2014, articles 489 – 492, and whether, in light of our knowledge and understanding acquired during the audit of the financial statements for the year ended 31 December 2016 in respect of the Company and its environment, the information included in the Administrators' Report is materially misstated. We are required to report in regard to these aspects. Based on the work undertaken in the course of our audit, we report that:

- a) we have not identified in the Administrators' Report information which is not consistent, in all material respects, with the information included in the accompanying financial statements;
- b) the above mentioned Administrators' Report includes, in all material aspects, the information required by the Order of the Minister of Public Finance of Romania no.1802/2014, articles 489 – 492.

Also, in the light of our knowledge and understanding acquired during the audit of the financial statements for the year ended 31 December 2016 in respect of the Company and its environment, we have not identified material misstatements in the Administrators' Report.

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Responsibilities of Management and Those Charged with Governance for the financial statements

- 11** Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance of Romania no. 1802/2014 and subsequent amendments and with the accounting policies presented in the Note 5 to the financial statements, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

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accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Refer to the original
signed Romanian version**

Kenneth Spiteri
Statutory auditor registered with
the Chamber of Financial Auditors of Romania under no 417/5 January 2001

On behalf of

PricewaterhouseCoopers Audit SRL
Audit firm registered with
the Chamber of Financial Auditors of Romania under no 6/25 June 2001

Bucharest, 12 May 2017

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