

S.C. TTS (Transport Trade Services) S.A.

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT DECEMBER 31, 2015**

**PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
("IFRS")
AS ADOPTED BY EU**

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To the Shareholders of,
S.C. TTS (Transport Trade Services) S.A.
Bucharest, Romania

INDEPENDENT AUDITOR'S REPORT

1. We have audited the accompanying separate financial statements of S.C. TTS (Transport Trade Services) S.A. („the Company”), which comprise the separate statement of financial position as at December 31, 2015, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Opinion

6. In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2015, and of its separate financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Limitation on Use

7. 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.

Deloitte Audit SRL

Deloitte Audit S.R.L.
Bucharest, Romania
April 18, 2016

S.C. TTS (Transport Trade Services) S.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless specified otherwise)

	<u>Note</u>	<u>Year end December 31, 2015</u>	<u>Year end December 31, 2014</u>
Revenue	4	322,410,287	284,599,408
Raw materials and consumables		(1,692,420)	(306,583)
Merchandise sold		(7,197,697)	(7,821,833)
Depreciation		(4,974,399)	(6,570,264)
Subcontractors expenses	6	(267,762,776)	(234,673,282)
Payroll expenses		(8,133,291)	(6,793,901)
Other expenses	5	(6,099,802)	(5,503,418)
Other gains and losses	7	(7,546,119)	1,354,411
Finance income	8	105,921	1,212,590
Finance costs	9	(594,039)	(979,088)
Profit for the year from continuing operations		18,515,665	24,518,040
Income tax expenses	10	(4,320,069)	(3,894,523)
Total profit for the year		14,195,596	20,623,517

The financial statements were approved by the Board of Directors and authorized to be issued on April 15 2016, by:



Stefanut Petru,
CEO



Alexandrescu Florin,
CFO

S.C. TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(all amounts are expressed in "RON", unless specified otherwise)

ASSETS	Note	Year end December 31, 2015	Year end December 31, 2014
Long term assets			
Property, plant and equipment	11	76,705,769	70,023,725
Intangible assets	12	2,419,983	2,167,402
Investments in associates	13	114,971,523	106,257,787
Other long term assets	14	60,125	60,125
Total long term assets		194,157,400	178,509,039
Current assets			
Inventories	15	967,299	518,194
Trade receivables and other receivables	16	34,626,479	36,649,054
Loans to associates		27,929,707	25,762,222
Other current assets	17	12,939,312	6,258,887
Cash and cash equivalents	26	13,729,080	26,215,861
Total current assets		90,191,877	95,404,218
Available-for-sale assets			-
Total assets		284,349,277	273,913,257
EQUITY AND LIABILITIES			
Equity and reserves			
Capital issued	18	35,072,442	35,072,442
Share premiums	18	46,417,946	46,417,946
Reserves	19	9,648,430	9,510,601
Retained earnings		138,389,529	130,768,335
Total equity		229,528,347	221,769,324
Long term liabilities			
Borrowings	29	5,383,409	10,624,655
Deferred tax liabilities	10	585,998	683,647
Other long term liabilities		957,331	1,208,697
Total long term liabilities		6,926,738	12,516,999

Notes attached are an integral part of these financial statements.

S.C. TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(all amounts are expressed in "RON", unless specified otherwise)

	<u>Note</u>	<u>Year end December 31, 2015</u>	<u>Year end December 31, 2014</u>
Current liabilities			
Trade payables and other liabilities	22	34,395,010	32,376,052
Current part of long term liabilities	20	5,655,625	5,602,625
Other current liabilities	23	7,843,558	1,648,256
Total current liabilities		47,894,193	39,626,933
Total liabilities		54,820,931	52,143,932
Total equity and liabilities		284,349,277	273,913,256

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Stefanut Petru,
CEO

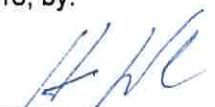


Alexandrescu Florin,
CFO

S.C. TTS (Transport Trade Services) S.A.
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless specified otherwise)

	<u>Note</u>	<u>Year end December 31, 2015 RON</u>	<u>Year end December 31, 2014 RON</u>
Cash flows from operations			
Gross profit / (loss) for the year		18,515,665	24,518,040
<i>Adjustments for:</i>			
Impairment and depreciation and amortization		4,886,230	6,570,264
Net interest expenses		798,161	(304,924)
(Profit) / Loss from sales of fixed assets		1,769,030	(76,735)
Net increase / (decrease) in provision for clients		8,659,845	(1,900,845)
Net increase / (decrease) in provision for investments in associates		(301,159)	597,368
Deferred tax income		-	-
Cash generated from / used in operations before changes to current capital		34,327,772	29,403,168
(Increases) / Decreases in balances of trade receivables and other receivables		(6,756,504)	21,492,703
(Increases) / Decreases in inventories of materials		(449,105)	257,756
Increases / (Decreases) in balances of suppliers		396,443	(9,653,953)
Cash from operations		27,518,606	41,499,673
Interests paid		(496,560)	(500,081)
Income tax paid		(1,665,177)	(1,021,625)
Net cash from operations		25,356,869	39,977,968
Cash flow from investments			
Purchases of tangible and intangible assets		(20,776,675)	(21,635,978)
Payments for investments		(2,014,727)	(794,876)
Income from sales of fixed assets		811,790	2,129,995
Loans granted		(6,167,485)	(19,230,433)
Interest income		105,921	1,212,590
Cash flow used in investments		(28,041,177)	(38,318,702)
Net cash used in investments			
Proceeds from share capital increase		-	-
Dividends paid		(3,955,338)	(7,493,026)
Payments of loans		(5,847,134)	(7,611,299)
Proceeds from share premiums issued		-	-
Net cash from financing activities		(9,802,472)	(15,104,325)
Net increase / decrease in cash and cash equivalents		(12,486,780)	(13,445,059)
Cash at the beginning of the year		26,215,861	39,660,920
Cash at the end of the year		13,729,080	26,215,861

The financial statements were approved by the Board of Directors and authorized to be issued on April 15, 2016, by:



Stefanut Petru,
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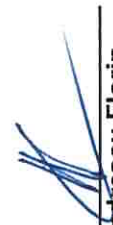
S.C. TTS (Transport Trade Services) S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

	Share capital	Share premiums	Legal reserves	Other reserves	Revaluation reserves	Retained earnings	Total
Balance as at January 1, 2015	35,072,442	46,417,946	6,752,931	2,757,670	-	130,768,336	221,769,324
Profit / (Loss) for the year	-	-	-	-	-	14,195,596	14,195,596
Revaluation reserves	-	-	-	-	-	-	-
Revaluation reserves pertaining to the transition to IFRS 1	-	-	-	-	-	-	-
Setting up of legal reserves	-	-	137,829	-	-	137,829	-
Share capital issued	-	-	-	-	-	-	-
Share premiums issued	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(6,436,573)	(6,436,573)
Result pertaining to the transition to IFRS1 for the year, net of taxes	-	-	-	-	-	-	-
Deferred taxes pertaining to the revaluation reserve	-	-	-	-	-	-	-
Balance as at December 31, 2015	35,072,442	46,417,946	6,890,760	2,757,670	-	138,389,529	229,528,347

According to shareholder decision dated April 14, 2015, the shareholders of the Company approved the distribution of RON 6,436,573 as dividends.

The financial statements were approved by the Board of Directors and authorized to be issued on April 15, 2016, by:


Stefanut Petru,
CEO



Alexandrescu Florin,
CFO


S.C. TTS (Transport Trade Services) S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

	Share capital	Share premiums	Legal reserves	Other reserves	Revaluation reserves	Retained earnings	Total
Balance as at January 1, 2014	35,072,442	46,417,946	6,666,570	2,757,670	-	117,724,206	208,638,834
Profit / (Loss) for the year	-	-	-	-	-	20,623,517	20,623,517
Revaluation reserves	-	-	-	-	-	-	-
Revaluation reserves pertaining to the transition to IFRS 1	-	-	-	-	-	-	-
Setting up of legal reserves	-	-	86,361	-	-	(86,361)	-
Share capital issued	-	-	-	-	-	-	-
Share premiums issued	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(7,493,026)	(7,493,026)
Result pertaining to the transition to IFRS1 for the year, net of taxes	-	-	-	-	-	-	-
Deferred taxes pertaining to the revaluation reserve	-	-	-	-	-	-	-
Balance as at December 31, 2014	35,072,442	46,417,946	6,752,931	2,757,670	-	130,768,336	221,769,324

According to shareholder decision dated April 14, 2014, the shareholders of the Company approved the distribution of RON 7,493,026 as dividends.

The financial statements were approved by the Board of Directors and authorized to be issued on April 15, 2016, by:


Stefanut Petru,
CEO


Alexandrescu Florin,
CFO

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

1. GENERAL INFORMATION

S.C. T.T.S. (Transport Trade Services) S.A. (hereinafter referred to as 'the Company'), is a company incorporated in Romania, in 1997 having its registered office at no 34, Vaselor Street, Bucharest. The core business of the Company is represented by activities related to transports. S.C. T.T.S.(Transport Trade Services) S.A. operates as sender of goods in domestic and international transport, on interior river ways, offering integrated/modular transport services.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU

Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016).

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU (continued)

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at April 6, 2016 (the effective dates stated below is for IFRS in full):

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities, whose principles have not been adopted by the EU remains unregulated.

- According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU.

Basis of preparation

The financial statements have been prepared at historic cost, except for certain financial instruments that are stated at restated value or fair value as described in the accounting policies. The historic cost is generally based on the fair value of the provision supplied in exchange of the assets.

The financial statements have been prepared on a going concern basis, according to the historic cost convention adjusted for the effects of hyperinflation by December 31, 2003 for the share capital and reserves. The financial statements are prepared on the basis of the statutory accounting records in accordance with the Romanian accounting principles, adjusted for compliance with IFRS as adopted by EU.

The main accounting policies are presented below.

Revenues recognition

Income is measured at the fair value of the amounts received or to be received. Revenues is reduced by estimated customers returns, commercial rebates and other similar allowances.

Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are met:

- The entity has transferred to the buyer all the significant risks and rewards of ownership over the goods;
- The entity does not hold any managerial involvement associated to ownership or effective control over the goods sold;
- The amount of revenue can be measured in a reliable manner;
- It is probably that the economic benefits will flow directed to the Entity, and
- The costs incurred or to be incurred in respect to the transaction can be measured in a reliable manner.

Specifically, the revenue from sales of goods is recognized when the goods are delivered and the ownership right is transferred.

The revenue from a provide services contract is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- The installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- The servicing fees included in the price of the products sold are recognized by reference to the proportion of the cost of providing the servicing for the product sold; and
- The revenue from time and material contracts is recognized at the contractual rates as labour hours and direct expenses are incurred.

Interest income

The interest income is recorded on a time basis, by reference to the principal due and the applicable effective interest rate, which is the exact rate of discount of the future cash inflows estimated throughout the lifetime of the financial asset, up to the net book value of the respective asset.

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases are classified as financial leases when the terms of the lease substantially transfer all the risks and benefits pertaining to ownership to the lessee. All the other leases are classified as operational leases.

The assets held under financial lease are recognized initially as assets of the Entity at the fair value as of the inception phase of the lease, or, if lower, at the current value of the minimum lease payments. The corresponding lease liability to the lessor is included in the balance sheet as financial lease liability.

Lease payments are split between financial costs and the deduction of the lease obligation, so that to obtain a constant interest rate pertaining to the remaining balance of the liability. The financing costs are recorded directly in the income statement.

The operational lease payments are recognized as expense on a straight line basis, The potential operational leases are recognized as expense as they occur.

FX transactions

The Company operates in Romania and its functional currency is RON.

Transactions in foreign currencies are translated to the respective currency of entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Costs related to long term borrowings

The costs related to the long term loans directly attributable to the acquisition, construction or production of assets, which are assets that necessarily take a substantial period of time in order to be used or for sale are added to the cost of those assets, until such time as the respective assets are ready to be used for their purpose or for sale. The income from the temporary investment of specific borrowings until such time as the borrowings are expensed on assets is deducted from the costs pertaining to the long term borrowings eligible for capitalization.

All the other borrowing costs are recognized in the income statement in the period in which they are incurred.

Contribution for employees

The company in the normal course of business, makes payments to the Romanian State for social security , unemployment benefit fund and health care fund according to the levels established under the law and in effect during the year, calculated on the gross salaries on behalf of its employees. The value of these contributions is recorded in the income statement as the related salary expenses.

The Company pays its employees retirement benefits, as defined in the collective employment contract.

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on the taxable profit of the year. Taxable profit differs from the 'profit before tax' as reported in the consolidated statement of profit and loss, as it excludes the elements of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding taxation bases used in the calculation of the taxable profit. The deferred tax liabilities are generally recognized for all the temporary taxation differences, to the extent where it is probable that taxable profit should exist on which those temporary differences can be used. Such assets and liabilities are not recognized if the temporary difference comes from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit, nor the accounting profit.

Deferred tax liabilities are recognized for the temporary taxable differences associated with the investments in subsidiaries and associates and the interests in joint ventures. The deferred tax asset from the temporary deductible differences associated with such investments and interests is recognized only to the extent where it is likely to exist sufficient taxable income on which the benefits pertaining to the temporary differences can be used and it is estimated that they will be reversed in the near future.

The book value of the deferred tax assets is revised as at each balance sheet date and is reduced to the extent where it is no longer likely that taxable income should exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rate estimated to be applied in the period when the liability is settled or the asset is realized, based on the taxation rates (and tax laws) in effect or substantially in effect by the balance sheet date. The measurement of the assets and liabilities by the deferred tax reflects the fiscal consequences of the way in which the Company estimates, as at the reporting date, that it will recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is an applicable right to offset them in a similar way to the current assets and liabilities which are offset with the current tax and when they regard the income taxes levied by the same tax authority and the Company intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.

Current tax and deferred tax

Current and deferred tax are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income, or directly in equity in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The income tax for the period ending December 31, 2014 was 16% (December 31, 2013: 16%).

S.C. TTS (Transport Trade Services) S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(all amounts are expressed in "RON", unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Land and buildings held to be used in the production or supply of goods or services or for administrative purposes are recorded in the balance sheet at their historic values adjusted by the effect of the hyperinflation by December 31, 2003, in accordance with IAS 29 *Financial reporting in hyperinflationary economies reduced by the subsequently cumulated depreciation and other impairments*.

The incomes or loss resulted from the sale or decommissioning of an asset is determined as a difference between the income made from the sale of the assets and their net book value. The incomes or losses are recognized in the Income statement.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease previously recognized in the profit and loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

The depreciation of the buildings is recorded in the statement of comprehensive income.

Properties in the course of construction for production, rental, and administrative purposes or for purposes not yet determined are recorded at historic cost. The depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready to be used.

Depreciation of these assets is recorded such as to diminish cost, other than cost of land and properties under construction, throughout their estimated lifetime, on a straight line basis.

The estimated useful service lives, residual values and the depreciation method are revised at each year end, resulting in changes to the future accounting estimates.

The assets held under financial leases are depreciated throughout the useful service life, similarly with the assets held with full title.

The Company has applied one of the exemptions included in IFRS 1 which relieves first time adopters from the requirements to recreate cost information for the property, plant and equipment – *"IFRS1 - D8 allows event - driven fair value to be taken as the deemed cost as the date of that measurement"* In more detail the point refers allows a first time adopter to use and event driven fair value as deemed cost at the measurement date, for measurements events that occurred after the date of transition to IFRS and to specify accounting in such circumstances.

The measurement date was after the date of transition to IFRs, respective December 31, 2012, when a fair value exercise was considered for all fixed assets which has become the deemed cost.

The loss or earning from the sale or decommissioning of a tangible asset are calculated as difference between the income from sales and the net book value of the asset and are recognized in the income statement.

Buildings and special constructions	8 - 60 years
Technical installations and equipment	3 - 30 years
Vehicles	4 - 6 years

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets purchased separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation amortization and accumulated impairment losses. Amortization is calculated on a straight line basis throughout the useful life. The estimated useful life and the amortization method are revised at the end of each reporting period, effecting changes in the future accounting estimates.

The following useful lives are used in the calculation of amortization:

Licenses	1 - 5 years
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Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment losses. If any such indication exists, the recoverable amount of the asset is estimated to determine the size of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of an individual asset of the cash generating unit into which the asset belongs. Where there can be identified a consistent allocation basis, the Group's assets are also allocated to individual cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less the costs of sale and the value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted at the current value using a discount rate before taxes, which reflects the current market estimates of the time-value of money and the risks specific to the asset, for which the future cash flows have not been adjusted.

If the recoverable value of an asset is estimated as being lower than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable value. An impairment loss is immediately recognized in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a part corresponding to the fixed and variable expenses are allocated to the inventories held through the method that is most adequate to the respective class of inventories, respective weighted average basis for fuel and FIFO for the other classes of inventories. Net realizable value represents the sale price estimated for inventories less all the costs estimated for completion and the costs pertaining to the sale.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Warranties

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

Financial assets and liabilities

Company's financial assets include investments, cash and cash equivalents, trade receivables. Financial liabilities include financial lease obligations, interest bearing bank borrowings and other liabilities. For each element, the accounting policies regarding the recognition and measurement are disclosed in this note. Management considers that the estimated fair values of these instruments approximate their book values.

Borrowings are initially recognized at fair value, less the costs incurred with the respective operation. Subsequently, these are recorded at amortized costs. Any difference between the addition value and the repayment value is recognized in the profit and loss account during the term of the borrowing, using the effective interest rate.

The classification of the investments depends on the nature and purpose of the same and is determined as at the date of the initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss account are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that one or several events occurred after the initial recognition have had an impact on the future cash flow pertaining to the investment.

Certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the past experience of the Group in respect of the collection of payments, an increase of the payments delayed beyond the credit term, as well as visible changes in the national and local economic conditions that are correlated with the payment incidents regarding the receivables.

The carrying amount of the financial asset is reduced by the impairment loss, directly for all the financial assets, except for the trade receivables, a case where the carrying amount is reduced by using a provision account. If a receivable is considered not recoverable, it is written off and deducted from the provision. Subsequent recoveries of the amounts previously written off are credited to the provision account. The changes in the carrying amount of the provision account are recognized in the profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Derecognition of the assets and liabilities

The Company derecognizes the financial assets only when the contractual rights on the cash flows expire, or transfer the financial asset and, substantially, all the risks and rewards pertaining to the asset to another entity.

The Company derecognizes the financial liabilities if and only if all its obligations have been paid, cancelled or have expired.

Use of estimates

The preparation of the financial statements requires making estimates and assumptions by the management, which affect the reported amounts of the contingent assets and liabilities as at the balance sheet date, as well as the reported amounts of the income and expenses during the reporting period. Actual results may differ from those estimates. The estimates and assumptions on which the financial statements are based are revised on an ongoing basis. The reviews of the accounting estimates are recognized in the period when the estimate is revised, if such review affects only the respective period, or in the future periods, if the review affects both the current and the future periods.

Comparatives

Certain amounts in the statement of the financial position, statement of the comprehensive result, cash flow statement and statement of changes in shareholders' equity for the prior year have been reclassified to be put in line with the current year presentation.

4. INCOME

An analysis of the Company's income for the financial year is given below:

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Income from sales of goods	7,551,768	7,968,278
Income from services provided	309,672,618	270,477,880
Income from other activities	<u>5,185,900</u>	<u>6,153,250</u>
Total	<u>322,410,286</u>	<u>284,599,408</u>

The income from services provided is represented mainly by fluvial transportation services provided to several third party customers on the Danube river together with CNFR Navrom Galati but also handling operations and cargo storage. This is the core business of the Company and represents around 90% from the total income for the years ended. As at December 31, 2015 and December 31, 2014, the segment information was not presented since the rest of the business generating revenues for the Group is not significant for the financial statements.

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Sales to the domestic market (Romania)	126,553,891	158.498.302
Sales to foreign markets	<u>195,856,396</u>	<u>126.101.106</u>
Total	<u>322,410,286</u>	<u>284.599.408</u>

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5. OTHER EXPENSES

	Year end December 31, 2015	Year end December 31, 2014
Electricity expenses	314,446	197,143
Repairs	1,539,054	923,276
Rent expenses	303,039	249,064
Insurance expenses	618,838	646,461
Commissions expenses	521,154	349,603
Advertising and protocol expenses	950,749	872,853
Travel expenses	218,471	163,499
Telecommunication expenses	215,084	204,616
Tax expenses	384,438	188,222
Other administrative expenses	1,034,529	1,708,681
Total	6,099,802	5,503,418

6. SUBCONTRACTORS EXPENSES

Subcontractors expenses include expenses with third parties used to render the transportation services.

7. OTHER EARNINGS AND LOSSES

	Year end December 31, 2015 <i>RON</i>	Year end December 31, 2014 <i>RON</i>
Income from financial investments	-	368
Expenses from financial investments transferred	-	(419)
Income from financial assets	146,446	176,942
Other financial income	532,317	191,140
Other financial expenses	-	(81,600)
Income / (Expense) from financial investments	678,763	286,431
Other income	963,876	1,467,244
Revenue / (Expense) net from sales of fixed assets	(1,230,718)	(599,183)
Net income/ (Expenses) from FX differences	1,177,011	42,934
Net income / (Expense) from adjustments for current assets	(8,574,903)	1,731,011
Revenue / (Expense) net from adjustments of investment values	301,159	(597,368)
Charging doubtful receivables against income	(861,307)	(976,659)
Total	(7,546,119)	1,354,411

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8. FINANCE INCOME

An analysis of the Company's income for the financial year is presented below:

	Year end December 31, 2015 <u>RON</u>	Year end December 31, 2014 <u>RON</u>
Interest income	<u>105,920</u>	<u>1,212,589</u>
Total	<u>105,920</u>	<u>1,212,590</u>

9. FINANCE COSTS

	Year end December 31, 2015 <u>RON</u>	Year end December 31, 2014 <u>RON</u>
Bank fees and commissions	97,479	71,423
Interests on borrowings	<u>496,560</u>	<u>907,666</u>
Total	<u>594,039</u>	<u>979,089</u>

10. INCOME TAX

	Year end December 31, 2015 <u>RON</u>	Year end December 31, 2014 <u>RON</u>
Current tax		
Current tax expense	4,417,718	3,906,484
Deferred tax		
Expenses / (Income) with deferred tax recognized in the current year	<u>(97,649)</u>	<u>(11,961)</u>
Total	<u>4,320,069</u>	<u>3,894,523</u>

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10. INCOME TAX (continued)

The taxation rate applied for the reconciliation above for the years 2015 and 2014 is 16%.

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Profit before tax	18,515,665	24,518,040
Income tax calculated at 16% (2012: 16%)	2,962,506	3,922,886
Non-taxable expenses	2,253,196	3,510,479
Income elements that are exempt from taxation	(994,161)	(2,752,034)
Other elements of income that are exempt from taxation	196,176	363,415
Fiscal credit	-	(195,900)
Current tax in respect with the current year before fiscal losses	4,417,717	3,906,484
Fiscal losses carried forward	-	-
Current tax in respect with the current year	4,417,717	3,906,484
Reevaluation reserve impact	(196,176)	(58,147)
Present value of the loan received from IFC and concession granted;	98,527	46,186
Income tax expenses recognised in the profit and loss accounts and the other comprehensive income	4,320,069	3,894,523

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11. PROPERTY, PLANT AND EQUIPMENT

	Land RON	Buildings RON	Plant and equipment RON	Fixtures and furniture RON	Tangible assets in progress RON	Total RON
COST						
Balance as at January 1, 2015	10,087,484	10,789,622	34,726,149	771,243	26,067,782	82,442,279
Increases	-	30,681,191	2,797,109	1,841,475	13,194,494	48,514,269
Transfers	-	24,519,211	1,524,199	1,791,170	309,119	28,143,698
Disposals	-	-	(13,888,222)	-	(28,783,276)	(42,671,498)
Transfers	-	-	-	-	(28,143,698)	(28,143,698)
Fair value – adjustments	-	-	-	-	-	-
Balance as at December 31, 2015	10,087,484	41,470,813	23,635,037	2,612,717	10,478,999	88,285,050
ACUMULATED DEPRECIATIONS						
Balance as at January 1, 2015	-	753,608	11,388,138	276,809	-	12,418,554
Depreciation expense	-	782,749	3,786,884	163,073	-	4,732,706
Disposals	-	-	(5,571,980)	-	-	(5,571,980)
Balance as at December 31, 2015	-	1,536,357	9,603,042	439,882	-	11,579,281
NET BOOK VALUE						
As at December 31, 2014	10,087,484	10,036,014	23,338,011	494,434	26,067,782	70,023,724
As at December 31, 2015	10,087,484	39,934,456	14,031,994	2,172,835	10,479,000	76,705,769

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Fixtures and furniture	Tangible assets in progress	Total
	RON	RON	RON	RON	RON	RON
COST						
Balance as at January 1, 2014	7,754,640	10,360,283	32,927,954	766,165	11,640,795	63,449,837
Increases	2,332,844	429,338	1,922,947	9,382	19,222,630	23,917,142
Transfers	-	418,750	1,504,666	-	-	1,923,416
Disposals	-	-	(124,752)	(4,305)	(4,795,644)	(4,924,700)
Transfers	-	-	-	-	(1,923,416)	(1,923,416)
Fair value – adjustments	-	-	-	-	-	-
Balance as at December 31, 2014	10,087,484	10,789,622	34,726,149	771,243	26,067,782	82,442,279
ACUMULATED DEPRECIATIONS						
Balance as at January 1, 2014	-	378,618	5,605,612	146,638	-	6,130,869
Depreciation expense	-	374,989	5,907,277	134,475	-	6,416,741
Disposals	-	-	(124,752)	(4,305)	-	(129,056)
Balance as at December 31, 2014	-	753,608	11,388,138	276,809	-	12,418,554
NET BOOK VALUE						
As at December 31, 2013	7,754,640	9,981,665	27,322,342	619,527	11,640,795	57,318,968
As at December 31, 2014	10,087,484	10,036,014	23,338,011	494,434	26,067,782	70,023,724

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Tangible assets pledged

As at December 31, 2015, the net book value of the tangible assets pledged in favor of banks in respect of the bank borrowings contracted by the Company amounts to RON 1,991,517.

b) Tangible assets purchased under financial leases

As at December 31, 2015, the Company did not have any financial leases.

12. INTANGIBLE ASSETS

	<u>Concessions and patents</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
COST				
As at December 31, 2013	<u>1,566,116</u>	<u>537,751</u>	-	<u>2,103,867</u>
Additions	-	461,219	-	461,219
Disposals	-	-	-	-
As at December 31, 2014	<u>1,566,116</u>	<u>998,970</u>	-	<u>2,565,086</u>
Additions	-	-	-	-
Disposals	1,496	492,777	-	494,273
As at December 31, 2015	<u>1,567,612</u>	<u>1,491,747</u>	-	<u>3,059,359</u>
ACUMULATED AMORTIZATION				
As at December 31, 2013	<u>87,563</u>	<u>156,599</u>	-	<u>244,162</u>
Amortization for the year	31,895	121,628	-	153,523
Amortization pertaining to disposals	-	-	-	-
As at December 31, 2014	<u>119,458</u>	<u>278,227</u>	-	<u>397,685</u>
Amortization for the year	32,310	209,382	-	241,692
Amortization pertaining to disposals	-	-	-	-
As at December 31, 2015	<u>151,768</u>	<u>487,608</u>	-	<u>639,377</u>
NET BOOK VALUE				
December 31, 2014	<u>1,446,658</u>	<u>720,743</u>	-	<u>2,167,401</u>
December 31, 2015	<u>1,415,844</u>	<u>1,004,139</u>	-	<u>2,419,983</u>

Management has analyzed the impairment of the net book value of the tangible and intangible assets and decided that it is not necessary to calculate and record supplementary adjustments for their impairment, as the net value at which they are reflected in the financial position as at December 31, 2015 and December 31, 2014 is their fair value.

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13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

For individual financial statements the Company considers that the cost method would be relevant for the user of its separate financial statements, as presented in the table below:

Name of investment	Set-up year	Core business	Place of operations	Holding	Holding	Carrying amount	Carrying amount
				Percentage 12/31/2015	Percentage 12/31/2014	of the investment 12/31/2015	of the investment 12/31/2014
				%	%	Lei	Lei
Navrom S.A.	1991	Freight transport by inland waterways	Galati, Romania	91.790%	87.390%	39,221,244	39,146,487
Canopus Star S.R.L.	2001	Handling related to freight transport by inland waterways	Constanta, Romania	51.000%	51.000%	45,079,480	45,079,480
Trans Europa Port S.A.	1996	Handling related to freight transport by inland waterways	Galati, Romania	0.91257	51.005%	13,553,417	4,947,771
TTS Operator S.R.L.	1994	Handling related to freight transport by inland waterways	Constanta, Romania	90.000%	90.000%	1,763,811	1,763,811
Cargorom Trans BVBA	1997	Other transportation support activities	Antwerpen, Belgium	51.000%	51.000%	291,331	295,475
Sim Tur S.R.L.	2006	Hotels and other accommodation facilities similar	Buzau, Romania	92.000%	92.000%	2,565,286	2,601,357
Cernavoda Shipyard Agrimol	2013	Repair and maintenance of ships and boats	Cernavoda, Romania	100.000%	100.000%	4,455,000	4,455,000
Bunker Trading	2013	Trading various products	Bucuresti, Romania	100.000%	100.000%	706,000	706,000
		Complementary transportation products	Constanta, Romania	51.000%	51.000%	50,666	60,895
Cargo Trans Vagon S.A.	2004	Freight transport by railway	Bucuresti, Romania	25.810%	26.000%	6,030,752	6,030,752
Transterminal-S S.R.L.	2006	Freight transport by railway	Chisinau, Rep.Moldova	25.500%	25.500%	147,339	147,339
Management NFR S.A.	2003	Consulting for business	Bucuresti, Romania	20.000%	20.000%	18,000	18,000
Danu Transport GMBH	2006	Freight transport by inland waterways	Viena, Austria	15.000%	15.000%	843,720	759,943
GIF Leasing IFN	2004	Financial leases	Bucuresti, Romania	7.701%	7.701%	129,000	129,000
TTS (Transport Trade Services) Gmbh	2014	Complementary activities related to transport	Viena, Austria	75.000%	75.000%	116,477	116,477
Total						114,971,523	106,257,787

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14. OTHER LONG TERM ASSETS

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Long term securities – a1)	60,125	60,125
Loans to related parties – a2)	-	-
Commercial guarantees	-	-
Total	<u>60,125</u>	<u>60,125</u>

a1) *Other long term securities*

As at December 31, 2015 and respectively December 31, 2014, the Company held the following investments:

	Type of share held	Ratio held %	Cost RON
Panta Rhei Slovakia sro	parti sociale	10,000%	5,195
PR Shipping S.R.L.	parti sociale	10,000%	700
Cargo Trans Vagon Bulgaria JSC	parti sociale	10,000%	54,230

15. INVENTORIES

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Consumables	749,323	480,070
Small tools	115,443	38,123
Goods	102,532	-
Total	<u>967,298</u>	<u>518,193</u>

16. TRADE AND OTHER RECEIVABLES

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Trade receivables	40,474,321	32,864,826
Value adjustments for doubtful receivables	(6,252,519)	(1,579,605)
Advances paid to suppliers of services	25,229	4,984,384
Other receivables	379,449	379,449
Total	<u>34,626,480</u>	<u>36,649,054</u>

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16. TRADE AND OTHER RECEIVABLES (continued)

	Year end December 31, 2015 <i>RON</i>	Year end December 31, 2014 <i>RON</i>
Changes to the provision for doubtful receivables	<u> </u>	<u> </u>
Balance at the beginning of the year	<u>1,579,605</u>	<u>3,230,575</u>
(Decrease) / Increase in provision recognized in the income statement	<u>4,842,798</u>	<u>(1,650,970)</u>
Balance at the end of the year	<u>6,252,519</u>	<u>1,579,605</u>

The main provisions made during 2015 were for Cargo Trans Vagon, Interagro S.R.L and Comcereal. As at December 31, 2015, the Company has a net receivable from Racova group (Comcereal, Mopan) of about 10 mil RON which is recoverable according to management estimates.

17. OTHER CURRENT ASSETS

	Year end December 31, 2015 <i>RON</i>	Year end December 31, 2014 <i>RON</i>
Amounts paid in advance	504,857	680,483
Sundry debtors	9,212,443	4,400,467
Taxes to recover	<u>3,222,012</u>	<u>1,177,937</u>
Total	<u>12,939,312</u>	<u>6,258,887</u>

18. ISSUED CAPITAL

Issued capital comprises:

	No. of shares	Share capital	Share premium
Balance at December 31, 2013	<u>666,657</u>	<u>35,072,442</u>	<u>46,417,946</u>
Issue of shares	-	-	-
Balance at December 31, 2014	<u>666,657</u>	<u>35,072,442</u>	<u>46,417,946</u>
Issue of shares	-	-	-
Balance at December 31, 2015	<u>666,657</u>	<u>35,072,442</u>	<u>46,417,946</u>

No movements in share capital during 2015 and 2014.

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18 ISSUED CAPITAL (continuare)

As at 31 December 2015 and 31 December 2014, the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Ratio
Mihailescu Mircea	296.940	45%
Stanciu Ion	84.848	13%
Peter Hungerbuhler	60.606	9%
Stefan Viorel	60.606	9%
Hartan Constantin	30.303	5%
Stefanut Petru	18.182	3%
Moldoveanu Aurel	6.061	1%
Petrea Catalin	9.061	1%
Stefan Daniel	9.061	1%
Stoean Antonio	9.061	1%
Simion Camelia	6.061	1%
Alexandrescu Florin	3.070	0%
Cismeck Mihaela	3.070	0%
Mihalcea Mihaela	3.070	0%
International Finance Corporation	66.657	10%
Total	666,657	100%

19. RESERVES

	Year end December 31, 2015	Year end December 31, 2014
	RON	RON
Legal reserves	6,890,760	6,752,931
Reevaluation reserve	-	-
Other reserves	2,757,670	2,757,670
Total	9,648,430	9,510,601

20. BORROWINGS

	Year end December 31, 2015	Year end December 31, 2014
	RON	RON
Secured borrowings		
Short term borrowings	-	-
Current part of long term borrowings	5.655.625	5,602,625
Long term borrowings		
Long term borrowings	5.383.409	10,624,655
Total short and long term borrowings	11.039.034	16,227,280

a) Amounts due to credit institutions

In 2008 and 2009, the Company obtained a credit facility in amount of EUR 10,000,000 from International Finance Corporation to finance the current activity (contract 26203/2008). The loan has to be repaid in 16 consecutive equal, semi-annual installments (15-Jan-2010 till 15-Jul-2017). The balance of the liability as at 31.12.2015 is of EUR 2,439,835.

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20. BORROWINGS (continued)

a) Amounts due to credit institutions (continued)

The credit facility comprises the following sublimits of credit

	Amount initially borrowed
	<i>EUR</i>
Installment 1 (received in 2008)	6,500,000
Installment 2 (received in 2008)	3,000,000
Installment 3 (received in 2009)	500,000
TOTAL	10,000,000

The following covenants were mentioned in the contract:

1. On a consolidated basis
 - a. Current ratio over 1.1
 - b. Financial Debt to Tangible Net Worth Ratio below 1.0
 - c. Peak Debt Service Coverage Ratio over 1.3

The Company may not enter into any agreement or arrangement to lease any property or equipment (except Financial Leases) with lease payments over 500,000 USD in any financial year.

The Company may not share profits, enter into any management contract whereby its business should be managed by another person.

The Company may not make loans / advances to / deposits exceeding 2 million EUR.

The Company may not use the proceeds of any Disbursement in a country that is not a member of the World Bank.

The contract mentioned above was secured with 51% of the shares held by the Company in C.N.F.R. Navrom S.A. The last installment of the borrowing will be paid on July 15, 2017.

As at December 31, 2015 the Company was in compliance with these covenants.

b) Amounts due to shareholders

The Company does not owe any amounts to the shareholders.

21. PROVISIONS

The Company did not make any provision for risks and charges.

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22. TRADE PAYABLES AND OTHER PAYABLES

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Trade payables	28,408,050	30,063,506
Payables regarding invoices to receive	596,928	598,713
Sundry creditors	<u>5,390,032</u>	<u>1,713,833</u>
Total	<u>34,395,010</u>	<u>32,376,052</u>

23. OTHER CURRENT PAYABLES

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Employees related payables	319,826	240,461
Social security	690,436	401,548
Income tax	1,390,056	219,293
Tax on salaries payable	246,388	142,708
Interest payable	55,702	102,969
Other liabilities	<u>5,141,150</u>	<u>541,277</u>
Total	<u>7,843,558</u>	<u>1,648,256</u>

24. FINANCIAL INSTRUMENTS

a) Capital risk management

The Company manages its capital in order to make sure that it can continue as a going concern also ensuring a maximization of the shareholders' wealth by optimizing the balance of liabilities and equity.

The Company has liabilities, which include the borrowings presented in note 20.

Equity includes share capital, reserves and retained earnings, as disclosed in Notes 18 and 19.

The Company monitors the equity based on gearing. Gearing is calculated as long term borrowings divided to net worth. Net worth is calculated as "Equity and reserves" as reported in the statement of financial position.

Gearing as at December 31, 2015 and December 31, 2014 was the following:

	Year end December 31, 2015	Year end December 31, 2014
	<u>RON</u>	<u>RON</u>
Total borrowings	<u>11,039,034</u>	<u>16,227,280</u>
Total equity and reserves	<u>229,528,347</u>	<u>221,769,324</u>
Gearing	<u>5%</u>	<u>7%</u>

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24. FINANCIAL INSTRUMENTS (continued)

b) Foreign currency risk

The Company is exposed to fluctuations in the FX rates in the commercial and financing transactions. Foreign currency risk results from the recognized assets and liabilities, including borrowings, expressed in foreign currencies. Due to the high costs associated, the Company's policy is not to use derivatives to hedge this risk.

c) Interest rate risk management

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variations in the market interest rates. Financial instruments are interest bearing at market rates and, as a result, it is considered that their fair values do not differ significantly from their book values.

d) Credit risk management

The Company is exposed to a credit risk due to its trade receivables and other receivables. The Company has policies in place meant to ensure that the sales are made to the clients with proper payment history. The due date of the liabilities is carefully monitored and the amounts outstanding after the expiration of the due date are promptly pursued. Trade receivables (clients) are presented net of the adjustments for the impairment of doubtful receivables. The Company develops policies that limit the value of the credit exposure to any financial institution.

e) Liquidity risk management

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, a continuous monitoring of the estimated and actual cash flow and correlation of the due dates of the financial assets and liabilities. Due to the nature of its business, the Company intends to be flexible in respect of the financing options with the support of the majority shareholder.

f) Fair value of the financial instruments

The fair values of the financial assets and liabilities are determined as follows:

- the fair value of the financial assets and liabilities under standard terms and conditions and traded active and liquid and active market is determined by reference to the listed market rates;
- the fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with the generally accepted price models, based on the analysis of the discounted cash flows, using prices from observable current market transactions; and
- the fair value of the derivatives is calculated using the listed prices. Where such prices are not available, the analysis of the discounted cash flows is applied using the yield curve applicable to derivatives that do not include options and option evaluation models for the derivatives based on options.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of these instruments approximate their book values. The book values represent the maximum exposure of the Company to the credit risk related to the existent receivables.

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24. **FINANCIAL INSTRUMENTS (continued)**

The book values of the Company's currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2014	EUR =	USD =	CHF =	GBP =	RON	31-Dec-14 Total RON
	1 EUR = RON 4.4821	1 USD = RON 3.6868	1 CHF = RON 3.7273	1 GBP = RON 5.743	1 RON	
ASSETS						
Cash and cash equivalents	10,888,504	2,746,947	2,798	124	12,577,488	26,215,861
Receivables and other current assets	12,516,317	3,284,343	-	-	27,107,281	42,907,941
Loans to associates	2,408,463	-	-	-	23,353,759	25,762,222
Other long term receivables	-	-	-	-	60,125	60,125
LIABILITIES						
Trade payables and other payables	16,755,933	3,700,338	-	2,099	14,774,635	35,233,005
Short and long term borrowings	17,435,977	-	-	-	-	17,435,977
Net balance sheet exposure	(8,378,626)	2,330,952	2,798	(1,975)	48,324,018	42,277,167
2015						
	EUR =	USD =	CHF =	GBP =	RON	31-Dec-15 Total RON
	1 EUR = RON 4.5245	1 USD = RON 4.1477	1 CHF = RON 4.1797	1 GBP = RON 6.1466	1 RON	
ASSETS						
Cash and cash equivalents	4,675,555	2,966,590	998	133	6,085,802	13,729,080
Receivables and other current assets	15,416,277	1,894,673	-	-	30,254,841	47,565,791
Loans to associates	6,615,755	1,451,695	-	-	19,862,256	27,929,707
Other long term receivables	-	-	-	-	60,125	60,125
LIABILITIES						
Trade payables and other payables	14,996,256	2,018,829	-	-	25,223,481	42,238,568
Short and long term borrowings	11,996,365	-	-	-	-	11,996,365
Net balance sheet exposure	(285,034)	4,294,130	998	133	40,797,984	44,808,211

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24. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

The Company is mainly exposed to the variations in the FX rates of EUR and USD against RON. The table below details the Company's sensitivity to a 10% increase or decrease of EUR / USD against RON. 10% is the sensitivity rate used when the internal reporting of the FX risk is made to the top management and represents the management's estimate regarding the reasonably possible changes in the FX rates. Sensitivity analysis includes only the remaining currency expressed in the monetary elements and adjust the translation at the end of the period for a 10% change in the FX rates. In the following table, a negative value indicates a decrease in profit when RON is impaired by 10% as against EUR / USD. A 10% increase of RON against EUR / USD would have an equal and contrary impact on profit and other equity and the balances below would be positive. The changes will be attributable to the exposures pertaining to the borrowings in EUR and USD at year end.

The exchange rates as at December 31, 2015 and as at December 31, 2014 are:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
EUR	4.5245	4.4821
USD	4.1477	3.6868
	<u>Year end December 31, 2015</u>	<u>Year end December 31, 2014</u>
	<u>RON</u>	<u>RON</u>
Profit or loss	401,010	(604,488)

The impact on the result according to each currency is the following:

Currency	<u>Year end December 31, 2015</u>	<u>Year end December 31, 2014</u>
	<u>RON</u>	<u>RON</u>
EUR	(28,503)	(837,863)
USD	429,413	233,095
CHF	100	280
RON	-	-
Total	<u>401,010</u>	<u>(604,488)</u>

Tables regarding the liquidity risk and interest rate risk

The following tables detail the periods to the due dates of the financial liabilities of the Company.

The tables have been prepared based on the cash flows not updated of the financial liabilities as at the nearest date when the Company can be required to pay. The table includes both the interest and the cash flows pertaining to equity.

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24. FINANCIAL INSTRUMENTS (continued)

2014	<u>Less than 1 month</u>	<u>> 1 month – 1 year</u>	<u>1–2 year(s)</u>	<u>2–5 years</u>	<u>Total</u>
Not bearing interest					
Trade payables and other current payables	34,024,308	-	99,718	1,108,979	35,233,005
Interest bearing instruments					
Long and short term borrowings	2,801,313	2,768,791	11,865,874	-	17,435,977
Long and short term leases	-	-	-	-	-
Cash and cash equivalents	3,982,125	22,233,735	-	-	26,215,861
Loans to associates	-	25,762,222	-	-	25,762,222
Receivables and other current assets	42,907,941	-	-	-	42,907,941
Other long term receivables	-	-	60,125	-	60,125
2015	<u>Less than 1 month</u>	<u>> 1 month – 1 year</u>	<u>1–2 year(s)</u>	<u>2–5 years</u>	<u>Total</u>
Not bearing interest					
Trade payables and other current payables	42,238,568	-	-	-	42,238,568
Interest bearing instruments					
Long and short term borrowings	-	5,655,625	6,340,740	-	11,996,365
Long and short term leases	-	-	-	-	-
Cash and cash equivalents	13,729,080	-	-	-	13,729,080
Loans to associates	-	27,929,707	-	-	27,929,707
Receivables and other current assets	24,090,954	23,474,837	-	-	47,454,506
Other long term receivables	-	-	60,125	-	60,125

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25. RELATED PARTY TRANSACTIONS

Balances and transactions with the related parties are the following:

	Amounts receivable from related parties		Amounts payable to related parties	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	<i>RON</i>	<i>RON</i>	<i>RON</i>	<i>RON</i>
Navrom S.A.	1,255,224	1,513,664	18,463,472	20,503,039
TTS Operator S.R.L.	461,180	453,840	3,871,909	2,971,737
Canopus Star S.R.L.	382	-	2,133,011	2,898,468
Trans Europa Port S.A.	988,650	5,092	205,821	(293,224)
Navrom Bac S.R.L.	-	-	-	-
Navrom - Centru de Afaceri S.R.L.	-	-	-	-
Navrom Shipyard S.R.L.	-	-	-	-
Sim Tur S.R.L.	151,012	1,012	-	-
Cargorom Trans BVBA	-	-	-	-
Agrimol Trade S.R.L.	14,811,701	15,802,592	-	99,539
Cernavoda Shipyard S.R.L.	7,952,004	8,072,344	4,476	25,112
TTS Vienna	1,725,421	80,678	18,098	-
Cargo Trans Vagon	11,937,351	-	-	-
Bunker Trade Logistic S.R.L.	135,747	-	-	-
Total	39,418,671	25,929,222	24,696,787	26,204,671

	Sales of goods and services		Purchases of goods and services	
	12 months	12 months	12 months	12 months
	<i>RON</i>	<i>RON</i>	<i>RON</i>	<i>RON</i>
Navrom S.A.	3,191,722	4,994,948	197,070,663	181,729,881
TTS Operator S.R.L.	4,392,000	4,440,446	18,700,813	17,714,949
Canopus Star S.R.L.	-	-	10,691,550	8,700,723
Trans Europa Port S.A.	115,466	78,909	1,198,570	1,947,420
Navrom Bac S.R.L.	-	-	-	-
Navrom - Centru de Afaceri S.R.L.	-	-	25,084	-
Navrom Shipyard S.R.L.	-	-	3,673	6,633
Sim Tur S.R.L.	-	-	-	-
Cargorom Trans BVBA	-	-	264,245	-
Agrimol Trade S.R.L.	16,539	4,895,268	-	40
Cargo Trans Vagon	8,859,435	-	-	-
Cernavoda Shipyard S.R.L.	7,952	199,055	135,570	24,644
Hotel Mercur	-	-	63,195	-
TTS Vienna	4,752,805	-	1,114,975	-
Total	21,335,918	14,608,626	229,303,118	210,124,290

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26. CASH AND BANK ACCOUNTS

For the purposes of the cash flow statement, cash and cash equivalents include petty cash and bank accounts. Cash and cash equivalents at the end of the financial year, as presented in the cash flow statement can be reconciled with balance sheet elements as follows:

	Year end December 31, 2015 <u>RON</u>	Year end December 31, 2014 <u>RON</u>
Cash in banks	10,223,145	23,197,955
Petty cash	41,355	8,133
Cash equivalents	<u>3,464,580</u>	<u>3,009,773</u>
Total	<u>13,729,080</u>	<u>26,215,861</u>

27. COMMITMENTS AND CONTINGENCIES

Contingent liabilities:

Taxation

Taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the tax actually due for a transaction can be low, penalties can be significant, as they can be calculated at the value of the transaction plus a ratio of 0.1% per days since 2006 until July 2010 and 0,04% after July 2010, but can be significantly higher. In Romania, the statute of limitation for audits by the tax authorities is of 5 years. Management considers that the tax obligations included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the fiscal regime of the elements of equity that have not been subject to the calculation of the income tax at the date of being entered in the accounts, due to their nature, if the Company changes the destination of the revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

Environment

The regulations regarding the environment are still developing in Romania and the Company did not record any obligations as at December 31, 2015 or December 31, 2014 for any anticipated costs, including legal and consulting fees, surveys of the location, design and implementation of remedial plans regarding the environment.

28. SUBSEQUENT EVENTS

Subsequent to year end the Company sold the investment of 15% shares in Danu Transport GmbH for 467.551,76 Eur.

The financial statements were approved by the Board of Directors and authorized to be issued on April 15 2015, by:



Stefanut Petru,
CEO



Alexandrescu Florin,
CFO

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