

**S.C. ROMCARBON S.A.**

2018 H1 Report – Consolidated Financial Statements

# CONTENTS

## SECTION A

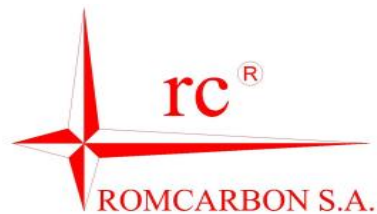
### **Half-Year report regarding the Consolidated Financial Statements**

<u>Declaration of the Management.....</u>	page 3
<u>Presentation of the Group.....</u>	page 5-9
<u>Statement of Financial Position.....</u>	page 10-15
<u>Statement of Comprehensive Income.....</u>	page 15
<u>Revenues (Net sales).....</u>	page 16
<u>Financial ratios.....</u>	page 16
<u>Statement of the Cash Flow.....</u>	page 17

## SECTION B

### **Consolidated Financial Statements:**

<u>Statement of the Comprehensive incomes.....</u>	page.1-2 (21-22)
<u>Statement of the Financial position.....</u>	page.3-4 (23-24)
<u>Statement of changes in shareholders'equity.....</u>	page.5-6 (25-26)
<u>Statement of cash flow.....</u>	page.7-8 (27-28)
<u>Notes to Consolidated Financial Statements.....</u>	page.9-58 (29-78)



**S.C. ROMCARBON S.A.**

### **Company Identification**

**Half-Year report according with FSA regulation 5/2018**

**Date of release:** 30.08.2018

**Reporting date:** 30.06.2018

**Name of the Company:** SC ROMCARBON SA

**Headquarters:** Buzau , Str. Transilvaniei, nr.132

**Tel / fax:** 0238/711155; 0238/710697

**Sole registration code:** RO 1158050

**Registered business number:** J10 / 83/1991

**Subscribed and paid up share capital:** 26,412,209.60 lei

**Regulated market where the issued securities are traded:** Bucharest Stock Exchange,  
**Standard category, Symbol** ROCE

**The main characteristics of the securities issued by the company:** 264,122,096 registered shares, dematerialized, with a nominal value of 0.1 lei.

## LANGUAGE DISCLAIMER

**This document represents the English version of the original official Romanian document. The English version has been created for English readers' convenience. Reasonable efforts have been made to provide an accurate translation, however, discrepancies may occur. The Romanian version of this document is the original official document. Any discrepancies or differences created in the translation are not binding. If any questions arise related to the accuracy of the information contained in the English version, please refer to the Romanian version of the document which is the official version.**



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## DECLARATION OF THE MANAGEMENT

### Undersigners

Huang Liang Neng, Chairman of the Board,  
Andrei Radu, General Manager,  
Zainescu Viorica Ioana, Financial Manager,

Declare that the Consolidated Financial Statements for the period ended June, 30 2018 prepared in accordance with IFRS, give, to the best of our knowledge, a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with FSA requirements, gives a true and fair view of the activity of ROMCARBON SA and its subsidiaries.

**Chairman of the Board**

**Huang Liang Neng**

**General Manager: ing.Andrei Radu**

**Financial Manager :ec. Zainescu Viorica Ioana**



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**THE ACTIVITY OF THE GROUP OF COMPANIES**

As of June 30, 2018 SC ROMCARBON SA Buzau holds directly and/or indirectly participation interests in the capital of 13 companies:

Company	30/06/2018		Consolidation method
	Interest held	Control held	
RECYPLAT LTD CIPRU	100.00%	100.00%	Global
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	99.50%	99.50%	Global
ECO PACK MANAGEMENT SA	25.36%	99.24%	Global
INFOTECH SOLUTIONS SRL	99.00%	99.00%	Global
LIVINGJUMBO INDUSTRY SA	99.00%	99.00%	Global
GRINFILD LLC UCRAINA	62.62%	62.62%	Global
GRINRUH LLC UCRAINA	62.62%	62.62%	Global
PROJECT ADVICE STL	99.00%	99.00%	Global
ASOCIATIA ECOLOGICA GREENLIFE	44.84%	44.84%	Equity method
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	1.95%	1.95%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area

As of June 30, 2018 The Group holds indirectly participation interests in the capital of the following companies:

Company	30/06/2018	
	Interest held	Control held
ROMGREEN UNIVERSAL LTD CIPRU	17.5879%	17.5879%
GREENLAMP RECICLARE SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL HUNGARY KFT	17.5879%	17.5879%
GREENTECH SA	17.5875%	17.5875%
GREENGLASS RECYCLING SA	12.3116%	12.3116%
GREENFIBER INTERNATIONAL SA	17.4682%	17.4682%
GREENTECH DOO SERBIA	15.7214%	15.7214%
GREENTECH RECYCLING DEUTSCHLAND GMBH	17.4682%	17.4682%
GREENTECH DOO MACEDONIA	15.6288%	15.6288%
TOTAL WASTE MANAGEMENT SRL	17.4743%	17.4743%
GREEN RESOURCES MANAGEMENT S.A.	11.6839%	11.6839%
GREENTECH BALTIC UAB LITUANIA	12.7932%	12.7932%

**PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN THE FIRST SEMESTER OF 2018****PRESENTATION OF THE GROUP'S COMPANIES**

As at June 30, 2018 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD is a company established in 2011, having a share capital of Lei 112,532 (EUR 26,000) wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3<sup>rd</sup> floor, Nicosia, Cyprus.

The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, wholly owned by S.C. Romcarbon S.A. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastic finished products, recycling of plastic materials and purchase of plastic waste. As at the date of these financial statements, the company is under voluntary liquidation.

RC ENERGO INSTALL S.R.L. is a company established in 2005, with a share capital of lei 2,000, fully owned by S.C. Romcarbon S.A. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of heating, water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

ECO PACK MANAGEMENT SA is a company established in 2010, with a share capital of lei 1,446,000, where SC Romcarbon SA directly holds 25.36% and 73.88% indirectly. The remaining shares are held by Romanian legal persons. The company's main office is located in Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, with a share capital of lei 2,000, where S.C. Romcarbon S.A. holds 99.00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Other information technology and computer service activities (NACE code 6209).

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, with a share capital of lei 806,400, where S.C. Romcarbon S.A. has held since 2011 99% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

GRINFILD LLC UKRAINE is a company established in 2007, with a share capital of lei 4,312,062, where SC Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale.

GRINRUH LLC UKRAINE is a company established in 2007, with a share capital of lei 4,426,809, where SC Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale.

YENKI S.R.L. is a company established in 2007, with a share capital of lei 328,000, where S.C. Romcarbon S.A. holds 33.34% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization. The association's patrimony amounts to RON 1,200. The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing the developing the field regarding environmental protection according to the international rules and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33.33% of its patrimony.

PROJECT ADVICE SRL is a company established in 2010, having a share capital of lei 500, out of which SC Romcarbon SA indirectly holds 99%. The company's main office is located in Iasi, Calea CHISINAULUI, Nr. 29, Pavilion Administrativ A, camera nr. 2, Etaj 1. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities.

In July 2016, the Group disposed its 70% holding in NEXT ECO RECICLYNG SA (a company established in 2011, whose main object of activity is - 8299 - Other business support service activities n.e.c.). The Group purchased the company in December 2015.

In October 2016, GREENSORT RECYCLING SRL was de-registered from the Trade Registry. The company had been established in 2012, and its main object of activity was Recovery of sorted materials (NACE code 3832).

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 177,858 (EUR 39,800), where SC Romcarbon SA indirectly holds 17.5879% of the shares through Recyplat LTD Cyprus. The company's main office is located in 2 Prodromou & Dimitrakopoulou, 5th floor, 1090, Cyprus. The company's object of



activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

GREENLAMP REICLARE S.A. is a company established in 2010, with a share capital of lei 3,199,770, where SC Romcarbon SA indirectly holds 17.5879%, and the remaining shares are held by GREENWEEE INTERNATIONAL S.A. The company's main office is located in Tintesti, Odaia Banului village, Frasinu farm, Greenweee warehouse, etaj 1, camera 1, Buzău county. The company's main object of activity is - NACE code 3822 - Treatment and disposal of hazardous waste.

GREENWEEE INTERNATIONAL SA is a company established in 2007, with a share capital of lei 26,212,300, where SC Romcarbon SA indirectly holds 17.5879% of the shares. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is Dismantling of wrecks for materials recovery (NACE code 3831).

GREENWEEE INTERNATIONAL HUNGARY KFT is a company established in 2011, with a share capital of lei 45,563, where SC Romcarbon SA indirectly holds 17.5879%. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em.1. The company's object of activity is Management of used waste and treatment of other waste.

GREENTECH SA is a company established in 2002, with a share capital of lei 4,649,117, where SC Romcarbon SA indirectly holds LTD 17.5875% of the shares. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREENFIBER INTERNATIONAL SA is a company established in 2004, with a share capital of lei 35,250,000, where SC Romcarbon SA indirectly holds 17.4682% of the shares. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

GREENTECH DOO SERBIA is a company established in 2005, with a share capital of lei 2,189,903 (RSD 46,568,790.67), where SC Romcarbon SA indirectly holds 15.7214% of the shares. The company's main office is located in Serbia, Backa Palanka, str. Zarka Zrenjanina nr. 152. The company's main object of activity is the recycling of non-metallic waste and scraps.

GREENTECH RECYCLING DEUTSCHLAND GMBH is a company established in 2010, with a share capital of lei 108,808 (EUR 25,000), where SC Romcarbon SA indirectly holds 17.4682% of the shares. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastics and recycling of plastic waste. As at the date of these financial statements, the company is under voluntary liquidation.

GRINTEH MK DOO MACEDONIA is a company established in 2007, with a share capital of lei 3,238,205 (MKD 46,684,925), where SC Romcarbon SA indirectly holds 15.6288% of the shares and the remaining shares are held by foreign natural persons. The company's main office is located in Macedonia, Skopje, bd. Romanija b.b Gazela, 1000. The company's main object of activity is Recycling of non-metallic waste and scraps.

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's share capital is lei 19,442,580. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.4743% of the share capital.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12.3116% of the shares. The remaining shares are held by natural and legal persons. The company's share capital is lei 6,750,000. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17, pav. Comercial, Et.1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

GREEN RESOURCES MANAGEMENT is a company established in 2016 where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in Buzau, Str. Transilvaniei, nr.132, Remiza PSI Camera 1. The company's object of activity is Business and other management consultancy activities (NACE code 7022).



GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 12.79%. The company's main office is located in Vilnius, Sandeliu g.16. The company's object of activity is commercial, economic, financial and industrial activity.

In June 2016, SC GRENFIBER INTERNATIONAL SA disposed its 60% holding in GREENFIBER HELLAS (a company established in 2008 whose main object of activity was the recycling of scraps and non-metal waste).

In July 2016, the shareholders of ROMGREEN UNIVERSAL LTD decided to increase the share capital of the company by issuing 11,800 shares (11,252 Class A shares and 548 Class b shares) at a nominal value of EUR 1/share. The capital increase was performed by an issuance premium of EUR 624.7015/share.

RECYPLAT LTD, a company 100% held by ROMCARBON SA, did not participate in this increase, therefore the shareholding in ROMGREEN UNIVERSAL dropped to 17.5879%.

In July 2016, ROMGREEN UNIVERSAL LTD increased its holding in subsidiaries by purchase of shares from minority shareholders. Consequently, the holding shares of RECYPLAT LTD in such companies also changed.

Company	Romgreen Universal holding		Recyplat LTD holding	
	30/06/2016	04/07/2016	30/06/2016	04/07/2016
ROMGREEN UNIVERSAL LTD CIPRU			25.0000%	17.58794%
Greenfiber International SA	67.8298%	99.3191%	16.9574%	17.46819%
Greentech SA	70.2509%	99.9976%	17.5627%	17.58751%
Total Waste Management SRL(TBM)	70.2509%	99.6416%	17.5627%	17.52490%
GreenWeee International SA	76.4187%	99.999974%	19.1047%	17.58794%
Greenlamp Reciclare SA	99.9998%	99.9999%	25.0000%	17.58792%
Greentech Doo Serbia	61.0468%	89.3872%	15.2617%	15.72137%
GrintehMacedonia	60.6873%	88.8608%	15.1718%	15.62879%
Asociatia ecologica Greenlife	46.0269%	66.3202%	44.8401%	44.99770%
Greentech Recycling Deutschland GmbH	67.8298%	99.3191%	16.9574%	17.46819%
Greenglass Recycling SA	70.0000%	70.0000%	17.5000%	12.31156%
Greenweee International Hungary KFT	76.4187%	99.9996%	19.1047%	17.58787%

## ACTIVITY OF THE GROUP OF COMPANIES

### PRESENTATION OF THE MANAGEMENT OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in H1 2018:

ROMCARBON SA – General Manager Andrei Radu  
 RECYPLAT LTD CIPRU – Director – Nicos Avraamides  
 RC ENERGO INSTALL SRL – General Manager Banucu Ileana  
 ECO PACK MANAGEMENT SA – General Manager Adrian Ianca;  
 INFO TECH SOLUTIONS SRL- General Manager Hristache Cornel  
 LIVINGJUMBO INDUSTRY SA – General Manager WU,HUI-TZU starting with 01.06.2018  
 PROJECT ADVICE SRL – Administrator Zamfir Maricica  
 GRINFILD LLC UCRAINA –General Manager Perepelitea Olena Ivanivna (Without activity since 2012)  
 GRINRUH LLC UCRAINA-- General Manager Iulia Golets (Without activity since 2012)  
 YENKI SRL – Administrator Petre Romeo Florinel  
 ROMCARBON DEUTSCHLAND GmbH- trustee in bankruptcy Franz Fassbender

ROMGREEN UNIVERSAL LTD CIPRU – Nicos Avraamides, Constantinos Chiotis Grzegorz Adam Piejka, Nicolaos Koronis, Paulina Anna Pietkiewicz  
 GREENLAMP REICLARE S.A. – General Manager Costache Iulian Marius starting with 16.05.2018  
 GREENGLASS RECYCLING SA – General Manager Costache Iulian Marius starting with 16.05.2018  
 GREENWEEE INTERNATIONAL SA – General Manager Costache Iulian Marius starting with 16.05.2018  
 GREENWEEE INTERNATIONAL HUNGARY KFT -Managing Director - Costache Iulian Marius

TOTAL WASTE MANAGEMENT SRL – Administrators: CRISTEA CONSTANTIN- member, Mihai Zamfir – Chairman of the Board, Marin Georgian Ionut- member

GREENTECH SA General Manager Genes Alina Elena starting with 16.05.2018

GREENFIBER INTERNATIONAL SA – General Manager Genes Alina Elena starting with 16.05.2018

GREENTECH RECYCLING DEUTSCHLAND GMBH - Administrator- trustee in bankruptcy Franz Fassbender

GREENTECH DOO SERBIA– General Manager – Mihail Mateski

GRINTEH MK DOO MACEDONIA – General Manager – Mihail Mateski si Sofia Mateska

GREEN RESOURCES MANAGEMENT S.A – General Manager –Ianca Adrian ( starting with 10.05.2017)

GREENTECH BALTIC UAB LITUANIA – Administrator VLADAS VENSKUTONIS

### The general results of the activity of the company and its subsidiaries in the reporting period

Nr.Crt.	Indicator [KRON]	30/06/2016	30/06/2017	30/06/2018
1	Revenues (Net sales)	124,604	124,258	128,475
2	Total revenues	136,230	135,052	140,829
3	Total expenses	133,979	137,487	139,622
4	Net Profit of the year	2,251	-2,435	1,207
5	Profit attributable to the Parent Company	2,418	-2,410	1,235

### ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in H1 2018 is presented in the table below:

Company	Net Profit/loss (KRON)	Attributable to the Parent	Attributable to the Non Controlling interests
Romcarbon SA	5,240	5,240	0
Living Jumbo Industry SA	-2,879	-2,850	-29
RC Energo Install SRL	7	7	0
Infotech Solutions SRL	134	132	1
Grinfield Ucraina	0	0	0
Grinruh Ucraina	0	0	0
Recyplat Ltd Cipru	-23	-23	0
Romcarbon Deutschland GmbH	0	0	0
Eco Pack Management SA	-52	-52	0
Project Advice SRL	-22	-22	0
Consolidation Adjustments	-1,198	-1,198	0
<b>Total</b>	<b>1,207</b>	<b>1,235</b>	<b>-28</b>

Note: Consolidation adjustments include the elimination of dividends received from RC Energo Install SRL and Info Tech Solutions SRL, the elimination of intra-group transactions, the shareholders' profit share (Romgreen, Yenki).

## FINANCIAL STATEMENTS

## A.) STATEMENT OF THE FINANCIAL POSITION

Indicator	30.06.2017	31.12.2017	30.06.2018	2018 vs. 2017	
Property, plant and equipment	192,989	183,416	177,506	-5,910	▼ -3.22%
Investment property	45,680	49,859	46,444	-3,415	▼ -6.85%
Goodwill	143	143	143	0	— 0.00%
Other intangible assets	280	227	200	-27	▼ -11.89%
Investments in associates	28,812	28,752	28,714	-38	▼ -0.13%
Financial assets	197	197	197	0	— 0.00%
<b>Total non-current assets</b>	<b>268,101</b>	<b>262,594</b>	<b>253,204</b>	<b>-9,390</b>	<b>▼ -3.58%</b>
Inventories	35,890	38,234	34,041	-4,193	▼ -10.97%
Trade and other receivables	34,108	36,237	39,931	3,694	▲ 10.19%
Other current assets	1,131	591	1,931	1,340	▲ 226.73%
Cash and bank balances	10,521	5,997	14,048	8,051	▲ 134.25%
<b>Total current assets</b>	<b>81,650</b>	<b>81,060</b>	<b>89,951</b>	<b>8,891</b>	<b>▲ 10.97%</b>
<b>Total assets</b>	<b>349,750</b>	<b>343,654</b>	<b>343,155</b>	<b>-499</b>	<b>▼ -0.15%</b>
Issued capital	26,412	26,412	26,412	0	— 0.00%
Share premium	2,182	2,182	2,182	0	— 0.00%
Reserves	40,864	38,272	37,812	-460	▼ -1.20%
Retained earnings	78,084	79,571	81,297	1,726	▲ 2.17%
Equity attributable to equity holders of the parent	147,543	146,438	147,704	1,266	▲ 0.86%
Non-controlling interests	1,047	1,007	979	-28	▼ -2.78%
<b>Total Equity</b>	<b>148,590</b>	<b>147,445</b>	<b>148,684</b>	<b>1,239</b>	<b>▲ 0.84%</b>
Borrowings [Long-term]	54,171	51,589	46,066	-5,523	▼ -10.71%
Long term finance leases and other interest bearing obligations	0	0	0	0	—
Deferred tax liabilities	10,468	10,758	10,758	0	— 0.00%
Non-current provisions	265	264	264	0	— 0.00%
Deferred income	33,224	31,250	29,275	-1,975	▼ -6.32%
<b>Total non-current liabilities</b>	<b>98,128</b>	<b>93,861</b>	<b>86,363</b>	<b>-7,498</b>	<b>▼ -7.99%</b>
Trade and other payables	41,995	38,670	40,960	2,290	▲ 5.92%
Borrowings [Short-term]	52,101	54,816	58,939	4,123	▲ 7.52%
Short term finance leases and other interest bearing obligations	392	87	0	-87	▼ -100.00%
Deferred revenue	4,120	4,058	4,043	-15	▼ -0.37%
Other current liabilities	4,424	4,717	4,167	-550	▼ -11.66%
<b>Total current liabilities</b>	<b>103,032</b>	<b>102,348</b>	<b>108,109</b>	<b>5,761</b>	<b>▲ 5.63%</b>
<b>Liabilities</b>	<b>201,160</b>	<b>196,209</b>	<b>194,472</b>	<b>-1,737</b>	<b>▼ -0.89%</b>
<b>Equity and Liabilities</b>	<b>349,750</b>	<b>343,654</b>	<b>343,155</b>	<b>-499</b>	<b>▼ -0.15%</b>

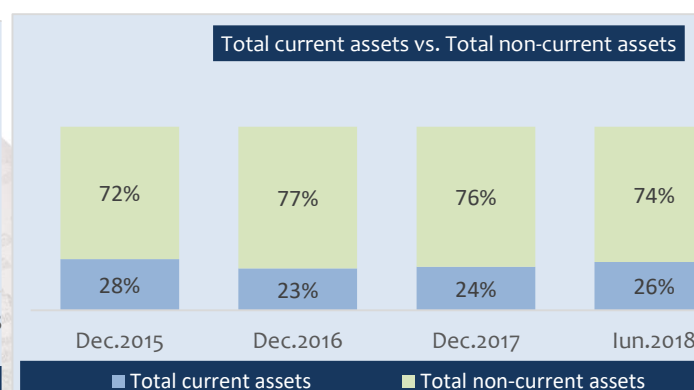
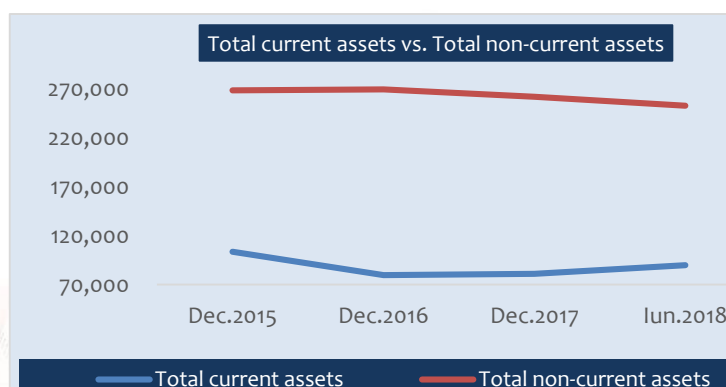
	30/06/2017	31/12/2017	30/06/2018
Average no. of employees	1,653	1,672	1,680

The participation of the consolidated companies in the indicators of the Statement of Financial Position in the 1<sup>st</sup> Semester of 2018 is presented in the table below

[KRON]

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	202,861	72,732	56,686	80,546
LivingJumbo Industry SA	43,161	32,751	29,674	43,896
RC Energo Install SRL	557	2,934	2	838
InfoTech Solutions SRL	35	361	0	260
Grinfield Ucraina	4,427	-866	0	5
Grinruh Ucraina	1,186	1,008	0	7
Recyplat Limited Cipru	20,608	39	0	0
Romcarbon Deutschland GmbH	0	9	3	27
Eco Pack Management SA	180	167	0	1,139
Project Advice SRL	0	247	0	125
Consolidation adjustments	-19,810	-19,432	0	-18,735
<b>Total</b>	<b>253,204</b>	<b>89,951</b>	<b>86,363</b>	<b>108,109</b>

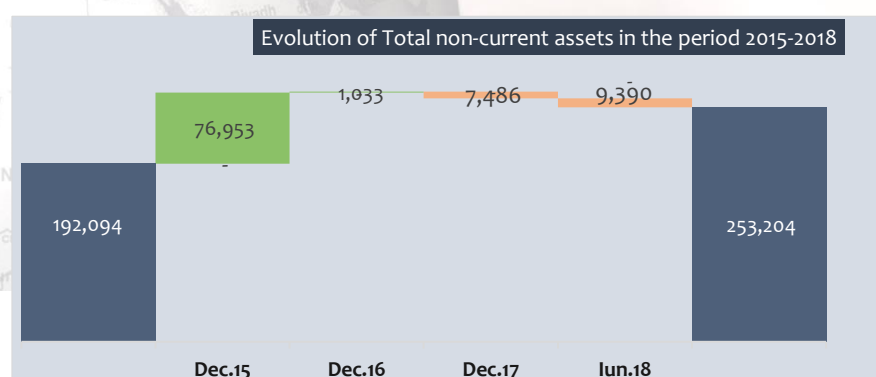
### ASSETS



### Thinking

#### NON-CURRENT ASSETS

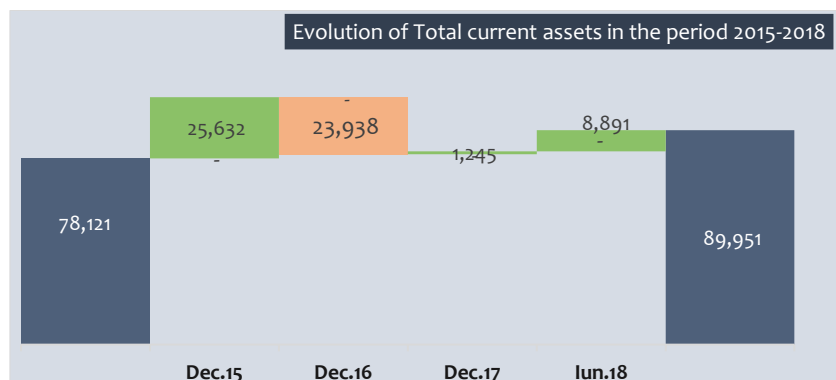
**Non-current assets** have a weight in Total Assets of 73.79% recording a decrease of LEI 9,390 thousand, i.e. 3.58%, as compared with the beginning of the year.



Non-current assets (NCA)	31.06.2018	% in total NCA	% in total Asset	30.06.18 vs. 31.12.17
Property, plant and equipment	177,506	70.10%	51.73%	-3.22%
Investment property	46,444	18.34%	13.53%	-6.85%
Goodwill	143	0.06%	0.04%	0.00%
Other intangible assets	200	0.08%	0.06%	-11.89%
Investments in associates	28,714	11.34%	8.37%	-0.13%
Financial assets	197	0.08%	0.06%	0.00%
<b>Total Non-current assets</b>	<b>253,204</b>	<b>100.00%</b>	<b>73.79%</b>	<b>-3.58%</b>

CURRENT ASSETS

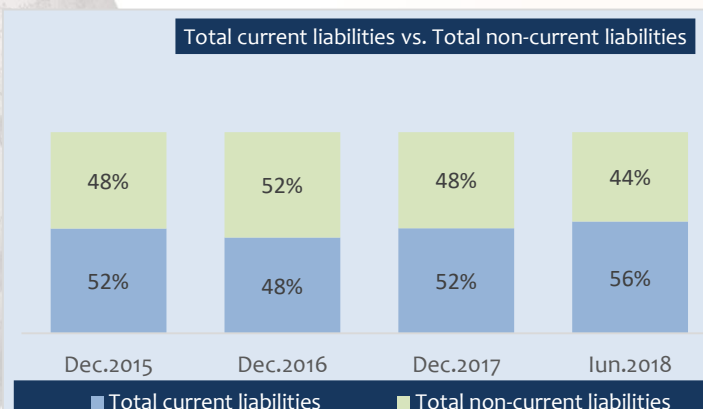
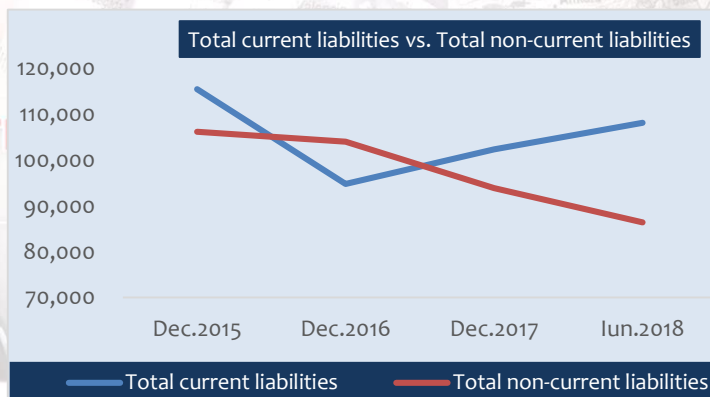
**Current assets** have a weight in Total Assets of 26.21% recording an increase of LEI 8,891 thousand, i.e. 10.97%, as compared with the beginning of the year.



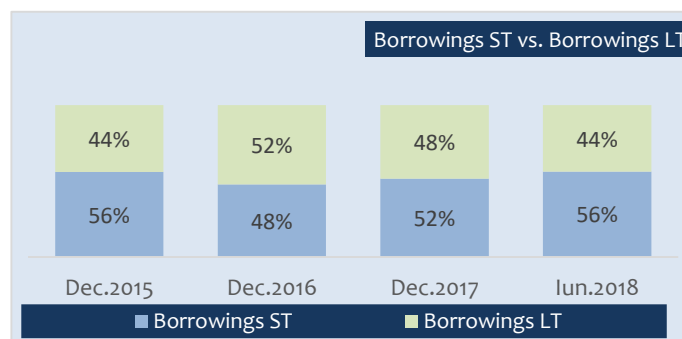
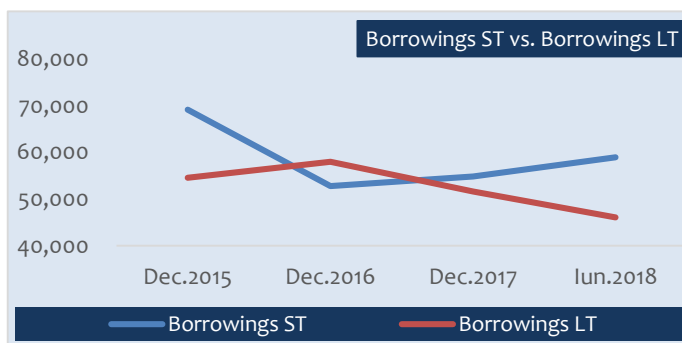
Current assets	31.06.2018	% in total CA	% in Total Assets	30.06.18 vs. 31.12.17
Inventories	34,041	37.84%	9.92%	-10.97%
Trade and other receivables	39,931	44.39%	11.64%	10.19%
Other current assets	1,931	2.15%	0.56%	226.73%
Cash and bank balances	14,048	15.62%	4.09%	134.25%
<b>Total Current assets</b>	<b>89,951</b>	<b>100.00%</b>	<b>26.21%</b>	<b>10.97%</b>

LIABILITIES

**Total Liabilities** hold 56.67% of the Group 's Equity&Liabilities recording a decrease of lei 1,737 thousand, i.e. 0.89% as compared with the beginning of the year.



Borrowings



Short-term borrowings have the following structure :

Company	Type	30.06.2017	31.12.2017	30.06.2018
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	106	186	186
LivingJumbo Industry SA	Credit line in euro– UniCredit Bank SA	0	0	3,262
LivingJumbo Industry SA	Credit line in euro – BRD	8,036	8,853	9,137
LivingJumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	3,073	3,144	3,145
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	395	404	404
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	490	502	502
Taipei Cimeo SRL	Linie credit in euro– UniCredit Bank SA	0	0	0
Romcarbon SA	Linie credit in euro – BRD	9,032	10,979	10,592
Romcarbon SA	Creduit line in euro – UniCredit Bank SA	22,272	21,828	22,873
Romcarbon SA	Investment loan in euro-BRD [I]	1,595	408	0
Romcarbon SA	Investment loan in euro-BRD [II]	474	582	582
Romcarbon SA	Investment loan in euro-BRD [III]	2,051	2,099	2,100
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	1,526	2,027	2,028
Romcarbon SA	Investment loan in euro-UniCredit [I]	500	500	500
Romcarbon SA	Investment loan in euro-UniCredit [II]	224	306	306
Romcarbon SA	Investment loan in euro-UniCredit [III]	167	527	527
Romcarbon SA	Investment loan in euro-UniCredit [IV]	1,078	1,078	1,078
Romcarbon SA	Investment loan in euro-UniCredit [V]	58	369	532
Romcarbon SA	Investment loan in lei I - Eximbank SA	1,024	1,024	1,024
Romcarbon SA	Investment loan in lei II - Eximbank SA	0	0	162
<b>Total</b>		<b>52,101</b>	<b>54,816</b>	<b>58,939</b>

Long-term borrowings have the following structure :

Company	Type	30.06.2017	31.12.2017	30.06.2018
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	127	97	124
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	2,005	1,797	1,547
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	1,622	15,325	13,757
LivingJumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	16,513	1,458	1,256
Romcarbon SA	Investment loan in euro-BRD [II]	2,466	2,232	1,941
Romcarbon SA	Investment loan in euro-BRD [III]	7,351	6,472	5,424
Romcarbon SA	Investment loan in euro-UniCredit [I]	2,540	2,290	2,040
Romcarbon SA	Investment loan in euro-UniCredit [II]	971	842	689
Romcarbon SA	Investment loan in euro-UniCredit [III]	724	1,448	1,185
Romcarbon SA	Investment loan in euro-UniCredit [IV]	3,773	3,234	2,695
Romcarbon SA	Investment loan in euro-UniCredit [V]	533	1,200	1,507
Romcarbon SA	Investment loan in lei I - Eximbank SA	4,095	3,583	3,071
Romcarbon SA	Investment loan in lei II - Eximbank SA	0	906	1,135
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	11,453	10,705	9,695
<b>Total</b>		<b>54,171</b>	<b>51,589</b>	<b>46,066</b>

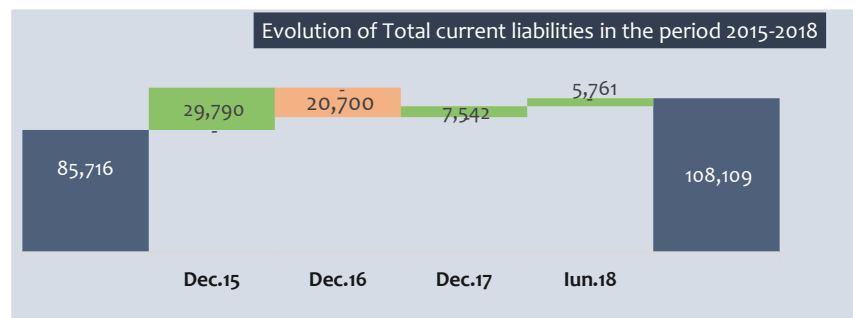
The installments of the investment loans due within 12 months are recognized as Short term loans.

These loans are guaranteed by mortgages on land and plants, pledges on equipment and inventories, security mortgage on current bank accounts, receivables assignments.



**CURRENT LIABILITIES**

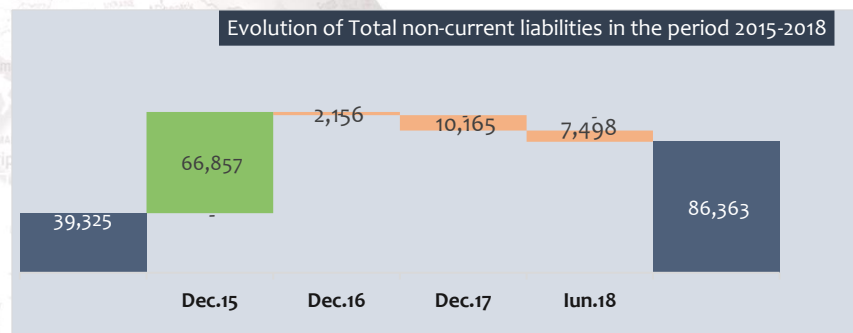
**Current liabilities of the Group** have a weight in Total Liabilities of 31.50% and in Total Equity and Liabilities of 55.59% recording an increase of LEI 5,761 thousand, i.e. 5.63%, as compared with the beginning of the year.



Current liabilities	31.06.2018	% in total liabilities	% in Total current liabilities	% in Total Equity and liabilities	30.06.18 vs. 31.12.17
Trade and other payables	40,960	21.06%	37.89%	11.94%	5.92%
Borrowings [Short-term]	58,939	30.31%	54.52%	17.18%	7.52%
Deferred revenue	4,043	2.08%	3.74%	1.18%	-0.37%
Other current liabilities	4,167	2.14%	3.85%	1.21%	-11.66%
<b>Total current liabilities</b>	<b>108,109</b>	<b>55.59%</b>	<b>100.00%</b>	<b>31.50%</b>	<b>5.63%</b>

**NON-CURRENT LIABILITIES**

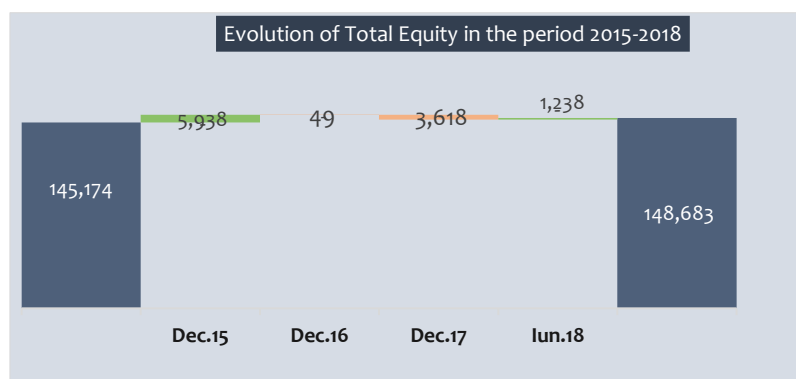
**Non-current liabilities** have a weight in Total Equity and Liabilities of 25.17% recording a decrease of LEI 7,498 thousand, i.e. 7.99%, as compared with the beginning of the year.



Non-current liabilities	31.06.2018	% in total datorii	% in Total DTL	% in Total Capitaluri si Datorii	30.06.18 vs. 31.12.17
Borrowings [Long-term]	46,066	23.69%	53.34%	13.42%	-10.71%
Long term finance leases and other interest bearing obligations	0	0.00%	0.00%	0.00%	0.00%
Deferred tax liabilities	10,758	5.53%	12.46%	3.14%	0.00%
Non-current provisions	264	0.14%	0.31%	0.08%	0.00%
Deferred income	29,275	15.05%	33.90%	8.53%	-6.32%
<b>Total</b>	<b>86,363</b>	<b>44.41%</b>	<b>100.00%</b>	<b>25.17%</b>	<b>-7.99%</b>

## EQUITY

**The Equity** have a weight in Total Equity and Liabilities of 43.33% recording an increase of LEI 1,238 thousand, i.e. 0.84%, as compared with the beginning of the year.



Equity	31.06.2018	30.06.18 vs. 31.12.17
Issued capital	26,412	0.00%
Share premium	2,182	0.00%
Reserves	37,812	-1.20%
Retained earnings	81,297	2.17%
Equity attributable to equity holders of the parent	147,704	0.86%
Non-controlling interests	979	-2.78%
<b>Total Equity</b>	<b>148,683</b>	<b>0.84%</b>

## B.) STATEMENT OF THE COMPREHENSIVE INCOME

	Period ended June 30, 2016	Period ended June 30, 2017	Period ended June 30, 2018	2018 vs.2017	
Revenues	124,604	124,258	128,475	▲	4,217 3%
Other income	1,879	1,975	2,008	▲	33 2%
Investment income	916	1,007	828	▼	-179 -18%
Other gains and losses	-383	-1,297	3,591	▲	4,888 -377%
Changes in inventories of finished goods and work in progress	3,287	3,318	955	▼	-2,363 -71%
Raw materials and consumables used	-75,874	-84,589	-83,204	▼	-1,385 -2%
Depreciation and amortization expense	-7,254	-8,045	-8,255	▲	210 3%
Employee salaries expenses and social security	-24,148	-29,833	-32,428	▲	2,595 9%
Finance costs	-1,733	-1,299	-1,391	▲	92 7%
Other expenses	-20,017	-8,419	-9,321	▲	902 11%
Share of profit of associates	1,972	599	-33	▼	-632 -106%
<b>Profit (loss) before taxation</b>	<b>3,249</b>	<b>-2,325</b>	<b>1,225</b>	▲	<b>3,550 153%</b>
Profit tax	-999	-112	-18	▲	94 -84%
<b>Profit/loss of the period(from operations), attributable to:</b>	<b>2,250</b>	<b>-2,435</b>	<b>1,207</b>	▲	<b>3,642 150%</b>
Owners of the parent company	2,418	-2,410	1,235	▲	3,645 151%
Non-controlling interests	-167	-25	-28	▼	-3 12%
<b>Profit/loss of the period</b>	<b>2,251</b>	<b>-2,435</b>	<b>1,207</b>	▲	<b>3,642 150%</b>
Exchange difference on translating foreign operations	173	-78	-53	▲	25 -32%
<b>Comprehensive profit/loss, attributable to:</b>	<b>2,424</b>	<b>-2,513</b>	<b>1,154</b>	▲	<b>3,667 146%</b>
Owners of the parent company	2,613	-2,488	1,182	▲	3,670 148%
Non-controlling interests	-190	-25	-28	▼	-3 12%

## C.) REVENUES

The participation of the consolidated subsidiaries in obtaining the item "Revenues (Net Sales)", in the reporting period is presented in the below table:

Company	2016 [KRON]	% in total	2017 [KRON]	% in total	2018 [KRON]	% in total	2018 vs.2017
Romcarbon SA	89,841	64.82%	97,423	69.55%	100,366	68.25%	3.02%
LivingJumbo Industry SA	30,523	22.02%	39,342	28.09%	42,974	29.22%	9.23%
RC Energo Install SRL	3,959	2.86%	2,717	1.94%	2,829	1.92%	4.15%
Eco Pack Management SA	56	0.04%	1	0.00%	-	0.00%	-100.00%
Info Tech Solutions SRL	1,011	0.73%	594	0.42%	886	0.60%	49.15%
Taipei Cimeo SRL	-	0.00%	-	0.00%	-	0.00%	
Next Eco Reciclyng SA	13,206	9.53%	-	0.00%	-	0.00%	
Romcarbon Deutschland GmbH	-	0.00%	-	0.00%	-	0.00%	
<b>Total, out of which:</b>	<b>138,595</b>	<b>100.00%</b>	<b>140,077</b>	<b>100.00%</b>	<b>147,056</b>	<b>100.00%</b>	<b>4.98%</b>
Within the group	13,991	10.10%	15,818	11.29%	18,581	12.64%	17.47%
Outside the group	124,604	89.90%	124,259	88.71%	128,475	87.36%	3.39%

In the reporting period the item «Revenues» have the following structure:

Revenues (Net sales)	KRON						
	6M 2016	% in total	6M 2017	% in total	6M 2018	% in total	2018 vs.2017
Sales of finished goods (701+709)	77,806	62%	97,021	78%	108,638	85%	11.97%
Sales of intermediary goods	7,080	6%	8,770	7%	6,858	5%	-21.81%
Sales of residual products	3	0%	53	0%	208	0%	292.27%
Services rendered	16,591	13%	1,994	2%	1,980	2%	-0.74%
Sales of goods purchased for resale	22,596	18%	16,084	13%	10,442	8%	-35.08%
Revenues from sundry services	527	0%	335	0%	351	0%	4.56%
<b>Total</b>	<b>124,603</b>	<b>100%</b>	<b>124,258</b>	<b>100%</b>	<b>128,475</b>	<b>100%</b>	<b>3.39%</b>

## D.) FINANCIAL RATIOS

Indicator	Formula	H1 2016	H1 2017	H1 2018
EBIT	Gross profit + Expenses with interests	4,761	(1,144)	2,444
EBITDA	EBIT + Depreciation-Subsidies for investment Revenue + Rental and royalty income	10,135	4,925	8,691
Sales		125,511	125,242	129,301
EBITDA to sales ratio	EBITDA/Sales	8.08%	3.93%	6.72%
EBITDA to Equity ratio	EBITDA/Equity	6.70%	3.31%	5.85%
Gross profit margin	Gross profit/Sales	2.59%	-1.86%	0.95%
Current ratio	Current assets/Current liabilities (Current assets-Inventories)/Current liabilities	0.88	0.79	0.83
Quick ratio		0.56	0.44	0.52
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	73%	66%	58%
Total liabilities to Assets ratio	Total liabilities/Total Assets	57%	58%	57%
Interest coverage ratio	EBIT/Interest expenses	3.15	(0.97)	2.00
Account receivable turnover ratio	Average receivables/Sales (days)	70	46	53
Account payable turnover ratio	Average payables/Sales (days)	55	54	55
Return on assets (ROA)	Net profit/Assets	0.6366%	-0.6962%	0.3517%
Return on equity (ROE)	Net profit/Equity	1.4882%	-1.6387%	0.8118%
Return on sales (ROS)	Net profit/Sales	1.7927%	-1.9442%	0.9335%

**E.)STATEMENT OF THE CASH FLOW**

The consolidated statement of the cash flow for the reporting period is presented in the below table:

	30.06.2017	31.12.2017	30.06.2018
Cash generated from operations ( A )	11,142	12,227	4,953
Net cash (used in)/generated by investing activities( B )	-7,548	-10,257	4,584
Net cash generated/used by/in financing activities ( C )	-4,617	-7,517	-1,486
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)</b>	<b>-1,023</b>	<b>-5,547</b>	<b>8,051</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11,544</b>	<b>11,544</b>	<b>5,997</b>
The impact on cash of the exchange difference on translating foreign operations	0	0	0
Cash from subsidiaries acquisitions	0	0	0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>10,521</b>	<b>5,997</b>	<b>14,048</b>

\*  
\* \*

Please note that the Consolidated Financial Statements as at June 30, 2018 have not been audited.

**Chairman of the Board**  
**Huang Liang Neng**

**General Manager: ing.Andrei Radu**  
**Financial Manager :ec. Zainescu Viorica Ioana**

**Thinking  
forward**



**ROMCARBON S.A. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2018**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
ADOPTED BY THE EUROPEAN UNION**

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forward**

## CONTENTS

## PAGE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3 – 4
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5 – 6
CONSOLIDATED STATEMENT OF CASH FLOWS	7 – 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 – 59



Thinking  
forward



**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

	<u>Note</u>	<u>Period ended June 30, 2018</u> <i>thousand LEI</i>	<u>Period ended June 30, 2017</u> <i>thousand LEI</i>
Revenues	<b>3</b>	128.475	124.258
Other income		2.008	1.975
Investment income		828	1.007
Other gains or losses	<b>5</b>	3.591	(1.297)
Changes in finished products and production in progress		955	3.318
Raw materials and consumables used	<b>4</b>	(83.204)	(84.589)
Depreciation and amortization expense	<b>6</b>	(8.255)	(8.045)
Employee salaries and social security	<b>7</b>	(32.428)	(29.833)
Finance costs	<b>8</b>	(1.391)	(1.299)
Other expenses	<b>9</b>	(9.321)	(8.419)
Share of profit of associates	<b>14</b>	(33)	599
<b>Profit before taxation</b>		<b><u>1.225</u></b>	<b><u>(2.325)</u></b>
Profit tax	<b>10</b>	(18)	(112)
<b>Profit from operations</b>		<b><u>1.207</u></b>	<b><u>(2.435)</u></b>
<b>Profit of the period</b>		<b><u>1.207</u></b>	<b><u>(2.435)</u></b>
<b>Attributable to:</b>			
Owners of the parent		1.235	(2.410)
Non-controlling interests		(28)	(25)
<b>From core operations:</b>			
RON (cents per share)		0.005	-0.009
Average number of shares		264.122	264.122

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2018.

Prepared by,

**HUANG LIANG NENG,**  
Chairman of the Board

**VIORICA ZAINESCU,**  
Financial Manager

**ANDREI RADU,**  
General Manager

The accompanying notes are integral part of these consolidated financial statements

**ROMCARBON S.A**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

<u>Nota</u>	<u>Period ended June 30, 2018</u> <i>thousand LEI</i>	<u>Period ended June 30, 2017</u> <i>thousand LEI</i>
<b>Comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Other comprehensive income subsequently non-transferrable to profit or loss</b>		
Exchange differences on translating foreign operations	(4)	(50)
<b>Other comprehensive income subsequently transferrable to profit or loss</b>		
Exchange differences on translating foreign operations	(49)	(28)
<b>Comprehensive income of the year</b>		
<b>Attributable to:</b>		
Owners of the parent	(49)	(28)
Non-controlling interests	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>	<u><b>1.153</b></u>	<u><b>(2.513)</b></u>
Owners of the parent	1.182	(2.488)
Non-controlling interests	(28)	(25)

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2018.

**Prepared by,**

**HUANG LIANG NENG,**  
Chairman of the Board

**VIORICA ZAINESCU,**  
Financial Manager

**ANDREI RADU,**  
General Manager

The accompanying notes are integral part of these consolidated financial statements

**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

	<u>Note</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>11</b>	177.506	183.416
Investment property	<b>32</b>	46.444	49.860
Goodwill	<b>12</b>	143	143
Other intangible assets	<b>13</b>	200	227
Investment in associates	<b>14</b>	28.714	28.751
Financial assets	<b>14</b>	197	197
<b>Total non-current assets</b>		<b>253.204</b>	<b>262.594</b>
<b>Current assets</b>			
Inventories	<b>15</b>	34.041	38.234
Trade and other receivables	<b>16</b>	39.931	36.237
Other current assets	<b>17</b>	1.931	592
Cash and bank balances	<b>31</b>	14.048	5.997
<b>Total current assets</b>		<b>89.951</b>	<b>81.060</b>
<b>Total assets</b>		<b>343.155</b>	<b>343.654</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	<b>18</b>	26.412	26.412
Share premiums		2.182	2.182
Reserves	<b>19</b>	37.812	38.272
Retained earnings	<b>20</b>	81.297	79.572
Equity attributable to owners of the parent		147.704	146.438
Non-controlling interest	<b>21</b>	979	1.007
<b>Total equity</b>		<b>148.684</b>	<b>147.445</b>
<b>Non-current liabilities</b>			
Long-term borrowings	<b>22</b>	46.066	51.589
Finance lease liabilities	<b>22</b>	-	-
Deferred tax liabilities	<b>10</b>	10.758	10.758
Other non-current liabilities with provisions		264	264
Deferred income	<b>26</b>	29.275	31.250
<b>Total non-current liabilities</b>		<b>86.363</b>	<b>93.861</b>

The accompanying notes are integral part of these consolidated financial statements

**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

	<u>Note</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Current liabilities</b>			
Trade and other liabilities	<b>24</b>	40.960	38.670
Short-term borrowings	<b>22</b>	58.939	54.816
Finance leases	<b>22</b>	-	87
Deferred income		4.043	4.058
Other current liabilities	<b>23</b>	4.167	4.717
<b>Total current liabilities</b>		<b><u>108.109</u></b>	<b><u>102.348</u></b>
<b>Total liabilities</b>		<b><u>194.472</u></b>	<b><u>196.209</u></b>
<b>Total equity and liabilities</b>		<b><u>343.155</u></b>	<b><u>343.654</u></b>

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2018.

**Prepared by,**

\_\_\_\_\_  
**HUANG LIANG NENG,**  
**Chairman of the Board**

\_\_\_\_\_  
**VIORICA ZAINESCU,**  
**Financial Manager**

\_\_\_\_\_  
**ANDREI RADU,**  
**General Manager**

The accompanying notes are integral part of these consolidated financial statements

	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Other reserves</u>	<u>Exchange differences on translating foreign operations</u>	<u>Retained earnings</u>	<u>Attributable to owners of the parent</u>	<u>Non-controlling interest</u>	<u>Total</u>
<b>January 01, 2018</b>	<b>26.412</b>	<b>2.182</b>	<b>39.348</b>	-	<b>(1.076)</b>	<b>79.571</b>	<b>146.437</b>	<b>1.007</b>	<b>147.445</b>
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(49)	-	(49)	-	(49)
Net profit of the period	-	-	-	-	-	1.235	1.235	(28)	1.207
Items transferred to comprehensive income	-	-	(406)	-	-	406	-	-	-
Corrections	-	-	-	-	(5)	85	81	-	81
Dividends distribution	-	-	-	-	-	-	-	-	-
<b>June 30, 2018</b>	<b>26.412</b>	<b>2.182</b>	<b>38.942</b>	-	<b>(1.130)</b>	<b>81.297</b>	<b>147.704</b>	<b>979</b>	<b>148.684</b>

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	<u>Share capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Other reserves</u>	<u>Exchange differences on translating foreign operations</u>	<u>Retained earnings</u>	<u>Attributable to owners of the parent</u>	<u>Non-controlling interest</u>	<u>Total</u>
<b>January 01, 2017</b>	<b>26.412</b>	<b>2.182</b>	<b>42.407</b>	-	<b>(1.043)</b>	<b>80.032</b>	<b>149.991</b>	<b>1.072</b>	<b>151.063</b>
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(28)	-	(28)	-	(28)
Net profit of the period	-	-	-	-	-	(2.410)	(2.410)	(25)	(2.435)
Items transferred to comprehensive income	-	-	(416)	-	-	416	-	-	-
Corrections	-	-	-	-	(56)	46	(10)	-	(10)
Dividends distribution	-	-	-	-	-	-	-	-	-
<b>June 30, 2017</b>	<b>26.412</b>	<b>2.182</b>	<b>41.991</b>	-	<b>(1.127)</b>	<b>78.084</b>	<b>147.543</b>	<b>1.047</b>	<b>148.590</b>

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**HUANG LIANG NENG,**  
Chairman of the Board

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**VIORICA ZAINESCU,**  
Financial Manager

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**ANDREI RADU,**  
General Manager

The accompanying notes are integral part of these consolidated financial statements



**ROMCARBON S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30 ,2018**

<u>Note</u>	<u>Period ended June 30, 2018</u>	<u>Period ended June 30, 2017</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Cash flows from operating activities:</b>		
<b>Gross profit of the period</b>	<b>1.225</b>	<b>(2.323)</b>
Finance expenses recognized in profit	1.391	1.299
Gains from investments recognized in profit	(2)	(23)
Gain / (Loss) on sale or disposal of fixed assets	(23)	141
Gain / (Loss) on sale or disposal of property investment	(3.553)	
Loss on impairment of trade receivables	-	(29)
Loss on impairment of non-current assets	-	1.186
Amortization / Depreciation of non-current assets	8.255	8.045
Proceeds from the alienation of subsidiaries	-	-
Net gain / loss on foreign exchange	(49)	(28)
Gain / Loss on investment	-	-
Gain / Loss on revaluation of investment property	-	-
Subsidies	(2.008)	(1.975)
Gain on share of profit of associates	33	(599)
Increase / Decrease in provisions	-	-
Increases in deferred income	-	112
<b>Movements in working capital</b>		
(Increase) / Decrease in trade and other receivables	(3.695)	(4.351)
(Increase) / Decrease in inventories	4.193	1.281
(Increase) / Decrease in other assets	(1.340)	242
Increase / (Decrease) in trade and other payables	2.222	8.664
Increase / (Decrease) in other payables	21	883
Increase / (Decrease) in deferred tax	-	-
<b>Cash generated by/used in operating activities</b>	<b>6.671</b>	<b>12.524</b>
Interest paid	(1.219)	(1.179)
Income tax paid	(328)	(83)
Bank commissions paid	(172)	(120)
<b>Net cash generated by operating activities</b>	<b>4.953</b>	<b>11.142</b>
<b>Cash flows from investing activities</b>	<b>-</b>	<b>-</b>
Payments for property, plant and equipment	(2.387)	(7.538)
Payments for intangible assets	-	(34)
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of property investment	6.968	-
Proceeds from subsidiaries	-	-
Payments for financial asstes	-	-
Interest received	2	23
Proceeds from disposal of financial assets	-	-
<b>Net cash used in investing activities</b>	<b>4.584</b>	<b>(7.548)</b>

The accompanying notes are integral part of these consolidated financial statements

**ROMCARBON S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30 ,2018**

<u>Note</u>	<u>Period ended June 30, 2018</u> <i>thousand LEI</i>	<u>Period ended June 30, 2017</u> <i>thousand LEI</i>
<b>Cash flows from financing activities</b>		
Proceeds from capital increase	-	-
Proceeds from/Repayment of borrowings	(1.399)	(4.532)
Lease payments	(87)	(85)
Payments for purchasing non-controlling shares	-	-
Proceeds from subsidiary acquisition	-	-
Dividends paid	-	-
	<u>(1.486)</u>	<u>(4.617)</u>
<b>Net cash generated by financing activities</b>		
<b>Net decrease / (increase) in cash and cash equivalents</b>	<u>8.051</u>	<u>(1.023)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>5.997</u>	<u>11.544</u>
Cash from subsidiaries acquired during the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<u>14.048</u>	<u>10.521</u>

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2018.

Prepared by,

HUANG LIANG NENG,  
Chairman of the Board

VIORICA ZAINESCU,  
Financial Manager

ANDREI RADU,  
General Manager

The accompanying notes are integral part of these consolidated financial statements

**1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Parent") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. As at June 30, 2018 the Parent's shares were traded on the BSE and its main shareholders were : Living Plastic Industry S.R.L. and Joyful River Limited Loc. Nicosia CYP.

RC ENERGO INSTALL S.R.L. is a company established in 2005, wholly owned by S.C. Romcarbon S.A. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of water installations, sewerage and power installation. The main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, wholly owned by S.C. Romcarbon S.A. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastic finished products, recycling of plastic materials and purchase of plastic waste.

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, where S.C. Romcarbon S.A. has held since 2011 99% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, no. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 99,00% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, no. 132. The company was established by outsourcing the IT services and its main object of activity is other information technology and computer service activities (NACE code 6209).

YENKI S.R.L. is a company established in 2007, where S.C. Romcarbon S.A. holds 33,34% and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is operation of sports facilities (NACE code 9311).

GRINFILD UKRAINE is a company established in 2007, where SC Romcarbon SA indirectly holds, through Recyplat LTD Cyprus, 62,62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale.

GRINRUH LLC UKRAINE is a company established in 2007, where SC Romcarbon SA indirectly holds through Grinfeld Ukraine, 62,62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale.

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization. The association's patrimony amounts to RON 1.200. The association's purpose is to represent, promote and support the employers and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing and developing the field regarding environmental protection according to the international laws and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33,33% of its patrimony.

RECYPLAT LTD Cyprus is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3<sup>rd</sup> floor, Nicosia, Cyprus. The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

**1. GENERAL INFORMATION (continued)**

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25.36% and 74.62%, indirectly through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

PROJECT ADVICE SRL is a company established in 2010, where SC Romcarbon SA indirectly holds 99%. The company's main office is located in Iasi, Calea CHISINAULUI, Nr. 29, Pavilion Administrativ A, camera nr. 2, Etaj 1. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities. As presented in note 29, this subsidiary was purchased in 2017.

In July 2016, the Group sold its ownership of 70% in the share capital of NEXT ECO RECYCLING SA (company established in 2011, whose main object of activity is NACE code 8299 - Other business support service activities n.e.c.).

The group had purchased this company in December 2015.

In October 2016, GREENSORT RECYCLING SRL was de-registered from the Trade Registry. The company had been established in 2012, having as its main object of activity – NACE code 3832 - Recovery of sorted materials.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, where SC Romcarbon SA indirectly holds 17.5879% through Recyplat LTD Cyprus. The company's main office is located in 2 Prodromou & Dimitrakopoulou, 5<sup>th</sup> floor, 1090 Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

GREENFIBER INTERNATIONAL SA is a company established in 2004, where SC Romcarbon SA indirectly holds 17.4681% of the shares. The company's main office is located in Buzău, Aleea Industriilor, no. 17. The company's main object of activity is Manufacture of man-made fibres (NACE code 2060).

GREENTECH DOO SERBIA is a company established in 2005, where SC Romcarbon SA indirectly holds 15.7214% of the shares. The company's main office is located in Serbia, Backa Palanka, str. Zarka Zrenjanina nr. 152. The company's main object of activity is the recycling of non-metallic waste and scraps.

GREENTECH RECYCLING DEUTSCHLAND GMBH is a company established in 2010, where SC Romcarbon SA indirectly holds 17.4681% of the shares. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastics and recycling of plastic waste. As at the date of these financial statements, the company is under voluntary liquidation.

GREENTECH DOO MACEDONIA is a company established in 2007, where SC Romcarbon SA indirectly holds 15.6288% of the shares and the remaining shares are held by foreign natural persons. The company's main office is located in Macedonia, Skopje, bd. Romanija b.b Gazela, 1000. The company's main object of activity is Recycling of non-metallic waste and scraps.

GREENTECH SA is a company established in 2002, where SC Romcarbon SA indirectly holds 17.5875% of the shares and the remaining shares are held by foreign and Romanian natural and legal persons. The company's main office is located in Buzău, Aleea Industriilor, nr. 17. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

**1. GENERAL INFORMATION (continued)**

GREENWEEE INTERNATIONAL SA is a company established in 2007 where SC Romcarbon SA indirectly holds 17.59% of the shares. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is dismantling of wrecks for materials recovery (NACE code 3831).

GREENWEEE INTERNATIONAL HUNGARY KFT is a company established in 2011, where SC Romcarbon SA indirectly holds 17.5879% and the remaining shares are held by foreign natural and legal persons. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em. 1. The company's object of activity is Management of used waste and treatment of other waste.

GREENLAMP REICLARE S.A. is a company established in 2010, where SC Romcarbon SA indirectly holds 17.5879%, and the remaining shares are held by GREENWEEE INTERNATIONAL S.A. The company's main office is located in Tintesti, Odaia Banului village, Frasinu farm, Greenweee warehouse, etaj 1, camera 1, Buzău county. The company's main object of activity is - NACE code 3822 - Treatment and disposal of hazardous waste.

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.47435% of the share capital.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12.3116% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17, pav. Comercial, Et. 1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

In June 2016, SC GRENFIBER INTERNATIONAL SA disposed its 60% holding in GREENFIBER HELLAS (a company established in 2008 whose main object of activity was the recycling of scraps and non-metal waste).

GREEN RESOURCES MANAGEMENT is a company established in 2016 where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in Buzau, Str. Transilvaniei, nr.132, Remiza PSI Camera 1. The company's object of activity is Business and other management consultancy activities (NACE code 7022).

GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 12.79%. The company's main office is located in Vilnius, Sandeliu g.16. The company's object of activity is commercial, economic, financial and industrial activity.

In July 2016, the shareholders of ROMGREEN UNIVERSAL LTD decided to increase the share capital of the company by issuing 11,800 shares (11.252 Class A shares and 548 Class b shares) at a nominal value of EUR 1/share. The capital increase was performed by an issuance premium of EUR 624.71/share.

RECYPLAT LTD, a company 100% held by ROMCARBON SA, did not participate in this increase, therefore the shareholding in ROMGREEN UNIVERSAL dropped to 17.5879%.

In July 2016, ROMGREEN UNIVERSAL LTD increased its holding in subsidiaries by purchase of shares from minority shareholders. Consequently, the holding shares of RECYPLAT LTD in such companies also changed.

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**1. GENERAL INFORMATION (continued)**

<b>Company</b>	<b>Place of establishment</b>	<b>Object of activity</b>	<b>Interes held %</b>	<b>Control held %</b>	<b>Cost as at 30.06.2018</b>	<b>Interes held %</b>	<b>Control held %</b>	<b>Cost as at 31.12.2017</b>
S.C. GREENWEEE INTERNATIONAL S.A.	Romania	Dismantling of wrecks for materials recovery	17,59%	17,59%	-	17,59%	17,59%	-
GREENFIBER INTERNATIONALS.A.	Romania	Manufacture of man-made fibres	17,47%	17,47%	-	17,47%	17,47%	-
GREENWEEE INTERNATIONAL HUNGARY KFT	Hungary	Management of used waste and treatment of other waste	17,59%	17,59%	-	17,59%	17,59%	-
LIVING JUMBO INDUSTRY S.A.	Romania	Manufacture of plastic packing goods	99,00%	99,00%	1.639.232	99,00%	99,00%	1.639.232
GREENTECH DOO SERBIA	Serbia	Recycling of non-metallic waste and scraps	15,72%	15,72%	-	15,72%	15,72%	-
GRINTEH MK DOO MACEDONIA	Macedonia	Recycling of non-metallic waste and scraps	15,63%	15,63%	-	15,63%	15,63%	-
GREENTECH BALTIC UAB Lituania	Lituania	Commercial, economic, financial and industrial activity	12,79%	12,79%	-	-	-	-
GRINFILD LLC UCRAINA	Ukraine	Wholesale trade	62,62%	62,62%	2.687.755	62,62%	62,62%	2.687.755
GRINRUH LLC UCRAINA	Ukraine	Wholesale trade	62,62%	62,62%	4.426.809	62,62%	62,62%	4.426.809
RC ENERGO INSTALL S.R.L.	Romania	Plumbing, heat and air conditioning installation	100,00%	100,00%	15.112	100,00%	100,00%	15.112
INFO TECH SOLUTIONS S.R.L.	Romania	Data processing, hosting and related activities	99,50%	99,50%	1.980	99,50%	99,50%	1.980
TOTAL WASTE MANAGEMENT S.R.L.	Romania	Collection of non-hazardous waste	17,47%	17,47%	-	17,52%	17,52%	-
GREENTECH SA	Romania	Recovery of sorted materials	17,59%	17,59%	-	17,59%	17,59%	-
GREENTECH RECYCLING DEUTSCHLAND GMBH	Germany	Trade with plastics and recycling of plastic waste	17,47%	17,47%	-	17,47%	17,47%	-

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**1. GENERAL INFORMATION (continued)**

<u>Company</u>	<u>Place of establishment</u>	<u>Object of activity</u>	<u>Interes held %</u>	<u>Control held %</u>	<u>Cost as at 30.06.2018</u>	<u>Interes held %</u>	<u>Control held %</u>	<u>Cost as at 31.12.2017</u>
ASOCIATIA ECOLOGICA "GREENLIFE"	Romania		0,00%	0,00%	-	33,33%	45,00%	400
RECYPLAT LTD	Cyprus	Business and other management consultancy activities	100,00%	100,00%	20.261.120	100,00%	100,00%	20.261.120
ROMGREEN UNIVERSAL CIPRU	Cyprus	Business and other management consultancy activities	17,59%	17,59%	-	17,59%	17,59%	-
GREENLAMP RECICLARE SA	Romania	Treatment and disposal of hazardous waste	17,59%	17,59%	-	17,58%	17,58%	-
ECO PACK MANAGEMENT SA	Romania	Other business support service activities n.e.c.	99,46%	99,24%	2.619.254	99,24%	99,24%	2.619.254
ROMCARBON DEUTSCHLAND GMBH	Germany	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	100,00%	100,00%	110.138	100,00%	100,00%	110.138
PROJECT ADVICE SRL	Romania	Business and other management consultancy activities	99,00%	99,00%	500	99%	99%	500
GREEN RESOURCES MANAGEMENT SA	Romania	Consultancy and management	11,68%	11,68%	-	11,68%	11,68%	-



## **2. MAIN ACCOUNTING POLICIES**

### **Statement of compliance**

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

### **Bases of preparation**

The consolidated financial statements were prepared on a going concern basis, at historical cost, adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves.

The financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for compliance with IFRS.

The main accounting policies are described below.

### **Bases of consolidation**

The consolidated financial statements include the financial statements of the Parent, of its subsidiaries and joint ventures. Control is obtained when the Parent has the power to govern the financing and operating policies of an entity to acquire benefits from the latter's activities.

The profit of the subsidiary acquired during the year is included in the consolidated income statement as at the acquisition date.

Where required, the subsidiary's financial statements are corrected to adjust its accounting policies in accordance with the policies used by the Parent.

All group transactions, balances, income and expenses are completely eliminated from the consolidation.

Non-controlling interests in net assets (excluding goodwill) of the subsidiary are disclosed separately from the Group's equity. Non-controlling interests consist in the sum of interests as at the date of the original business combination (see below) and the non-controlling share in changes in equity starting from the combination date. Losses corresponding to the minority, which exceed the non-controlling interest held in the subsidiary's equity are allocated as compared to the Group's interests, except if the minority holds an obligation and can make additional investments to cover losses.

### **Standards and Interpretations effective in the current period**

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union are effective for the current period:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Standards and Interpretations effective in the current period (continued)**

- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording adopted by UE on February 07, 2018 (amendments to IFRS 1 and IASB 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

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

### **Standards and Interpretations issued by IASB and adopted by the EU, but not yet effective**

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

- **IFRS 16 "Leases"** – adopted by EU on October 31, 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** – particular prepayables by negative compensations – adopted by EU on March 22, 2018 (effective for annual periods beginning on or after 1 January 2019),

The Group decided not to adopt the new standards, amendments and interpretations to the current standards before the date when they become effective.

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

### **Standards, amendments and Interpretations 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 standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS in full):

- **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 17 „Insurance contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **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 deferred indefinitely until the research project on the equity method has been concluded),

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Standards, amendments and Interpretations issued by IASB but not yet adopted by the EU (continued)**

- **Amendments to IAS 19 "Employee Benefits"** – Modifying, diminishing and payment the benefits scheme (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 „Investments in associates"** – long term interests in associates and joint ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to the „Annual improvements – cycle 2015 -2017 „ amente la diverse standarde datorită „Îmbunătățirilor IFRS (ciclul 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 și IAS 23) primarily with a view to removing inconsistencies and clarifying the wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 „Uncertainty over income tax"** (effective for annual periods beginning on or after 1 January 2019).

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

At the same time, foreign exchange hedge accounting regarding the portfolio of financial assets and liabilities, whose principals have not been adopted by the EU, is still unregulated.

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

### **Business combination**

Acquisitions of subsidiaries and activities are accounted for using the acquisition method. The business combination cost is measured as the sum of the fair value (on the exchange date) of assigned assets, estimated or undertaken liabilities and capital instruments issued by the Group in exchange for the control of the acquired company, plus any costs directly attributable to the business combination. The acquired company's assets, liabilities and potential liabilities fulfilling the conditions to be recognized in accordance with IFRS 3 Business Combination are recognized at fair value less sale costs on the acquisition date except for assets held for sale (IFRS 5), recognized at the minimum value of net book value and fair value reduced by the sale cost.

Goodwill from acquisitions is recognized as asset and is measured initially at cost. It represents the value exceeding the acquisition cost of the Group's participating interests compared to the net fair value of recognized assets, liabilities and potential liabilities. If, further to valuation, the Group's interests in the net fair value of identifiable assets, liabilities and potential liabilities of the acquired company exceed the cost of the business combination, then the excess value is immediately recognized in the income statement. According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any losses of value.

The interests of minority shareholders in the acquired company are initially measured as the minority portion of the net fair value of recognized assets, liabilities and potential liabilities.

### **Interests in joint ventures**

The Group reports its interests in jointly controlled entities by using the pro rata consolidation method. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent elements in the consolidated financial statements, row by row.

If the Group carries out transactions with its jointly controlled entities, the unrealized profit and losses are eliminated within the limit of the Group's interests in the joint venture.

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Goodwill**

Goodwill arising from the acquisition of a subsidiary or a jointly controlled entity represents the value exceeding the acquisition cost of the Group's participating interests compared to the net fair value of the assets, liabilities and potential liabilities of the subsidiary or jointly controlled entity, recognized on the acquisition date. Goodwill is initially recognized as asset at cost and is subsequently measured at cost less accumulated impairment losses.

To test impairment, goodwill is allocated to each of the Group's cash generating unit that is expected to generate benefits from the synergy of the combination. Cash generating units to which goodwill has been allocated are tested for impairment on an annual basis or more often when there is indication that the unit may be subject to impairment. If the recoverable amount of the cash generating unit is lower than the unit's book value, then the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to other assets of the unit, percentage based depending on the book value of each unit asset. Impairment losses recognized for goodwill are not carried forward to a subsequent period.

Upon the sale of a subsidiary or jointly controlled entity, the attributable value of goodwill is included when determining the profit or the loss upon sale.

### **Income recognition**

Income is measured at the fair value of amounts received or receivable. Income is reduced by the value of returns, commercial rebates and other similar costs.

### **Sale of goods**

Income from sale of goods is recognized when the following conditions are met:

- The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The value of the income can be measured reliably.

### **Dividend and interest income**

Income from dividends related to investments is recognized when the shareholders' right to receive them is established.

Interest income is recognized on a timely basis, by reference to the outstanding capital and the actual applicable interest rate, which is the exact discount rate of future cash received estimated throughout the life of the financial asset, within the limit of the net book value of such asset.

### **Lease**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Foreign currency transactions**

The Group operates in Romania and its functional currency is the Romanian leu.

When preparing the financial statements of individual entities and the Group, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Foreign exchange differences are recognized in the profit and loss as they arise.

### **Costs related to long-term borrowings**

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale.

All the other borrowing costs are recognized in the income statement as incurred.

### **Government subsidies**

Government subsidies are not recognized until there is reasonable assurance that the Group will comply with the conditions of such subsidies and the subsidies are received.

Government subsidies whose main condition is that the Group acquire, build or otherwise obtain non-current assets are recognized as deferred income in the balance sheet and are transferred to the income statement systematically and rationally throughout the useful life of such assets.

Other Government subsidies are systematically recognized as income in the same period as the costs they are intended to offset. Government subsidies received as compensation for expenses or losses already recorded or intended to grant immediate financial support to the Group, without future related costs, are recognized in the income statement when they become due.

### **Employee contributions**

The Group makes payments to the State budget for social insurance, pension and unemployment benefits at the rates provided by law and in force during the year, calculated based on gross salaries. The cost of these contributions is charged to the income statement in the same period as the related salary costs.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### ***Taxation (continued)***

Provisions for taxes and levies

As at June 30 , 2018 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

#### Deferred tax

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary deductible differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set them off similarly to current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred taxes are recognized as expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered when calculating goodwill or when determining the excess of the acquirer's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company on cost.

**2. MAIN ACCOUNTING PRINCIPLES (continued)**

**Property, plant and equipment**

Land and buildings held to be used in the production or delivery of goods or services or for administrative purposes are recorded in the balance sheet at historical value adjusted to the effect of hyperinflation as at December 31, 2003, according to IAS 29 Financial Reporting in Hyperinflationary Economies less the subsequently accumulated depreciation and other losses of value.

The Group companies conducted a valuation of land and buildings based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity.

Gains and losses on the sale or disposal of an asset are determined as difference between income from the asset sale and their net book value. Gains and losses are recognized in the Income Statement.

The buildings' depreciation is charged to the income statement.

Assets under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost. Depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready for their intended use.

Plant and equipment are recorded in the balance sheet at historical cost adjusted to the effect of hyperinflation as at December 31, 2003, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies less the subsequently accumulated depreciation and impairment losses.

Depreciation is registered so as to diminish the cost other than the cost of land and buildings under construction, throughout their estimated useful life, on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Losses or gains from selling or disposing a tangible asset are computed as difference between sale revenues and the net book value of the asset and are recognized in the income statement.

The following useful lives are used in the depreciation calculation:

	<b><u>Years</u></b>
Buildings	5 – 45
Plant and equipment	3 – 20
Other installations, office equipment	3 – 30
Vehicles in finance lease	5 – 6

**Property investments**

Investment property are properties held to earn rentals and/or for future capital appreciation. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.



## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Intangible assets**

#### Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortization. Amortization is calculated on a straight line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The calculation of amortization uses the following useful lives:

Licenses	1 – 5 years
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### **Impairment of tangible and intangible assets, goodwill exclusively**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets 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 fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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 amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the 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 portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale.

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### ***Provisions***

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognized as provision is the best estimate of the required amount to settle the obligation at the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle the current obligation, then the carrying value is the current value of such cash flows.

### ***Warranties***

Provisions for warranties are recognized on the selling date of the products, according to the managements' best estimate regarding the expenditure required to settle the Group's obligation.

### **Financial assets and liabilities**

The Group's financial assets include cash and cash equivalent, trade receivables and long-term investments. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts, trade liabilities and other liabilities. For each element, the accounting policies on recognition and measurement are presented in this note. The management considers that the estimated fair values of such instruments approximate their carrying values.

Borrowings are initially recognized at fair value less costs incurred with such operation. Subsequently, they are registered at amortized cost. Any difference between the entry value and the repayment value is recognized in the income statement over the borrowing term, using the effective interest method.

Financial liabilities are classified as liabilities or equity according to the substance of the contractual arrangements. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or income. Distributions to equity holders are directly recorded to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on net basis, or to realize the asset and simultaneously write off the obligation.

The classification of investments depends on their nature and scope and is determined on the initial recognition date.

#### Financial assets available for sale (AFS)

Shares held in an unlisted capital instruments are classified as AFS and are registered at fair value. Gains and losses arising from changes in fair value are directly recognized in equity, in investment revaluation reserves, except for impairment losses, interest calculated using the effective interest method and gains and losses from the exchange rate of monetary assets, which are recognized directly in profit and loss. If the investment is sold or it is found impaired, then the gain or loss previously cumulated previous recognized in the investment revaluation reserve, is included in the profit and loss of the period.

Dividends from AFS capital instruments are recognized in profit and loss when the Group's right to receive them is established.

## **2. MAIN ACCOUNTING PRINCIPLES (continued)**

### **Financial assets and liabilities (continued)**

#### Impairment of financial assets

Financial assets, other than the ones recognized at fair value through the profit and loss account, are measured for impairment on each balance sheet date.

Financial assets are impaired when there is objective evidence that one or more of the events occurring after initial recognition have affected future cash flows related to the investment.

For shares available for sale, a significant or extended decline of the fair value of the security below its cost is considered objective evidence of impairment.

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impaired, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Group's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with payment incidents regarding receivables.

The carrying value of a financial asset is reduced by impairment loss, directly for all financial assets, except for trade receivables, in which case the carrying value is reduced by using a provision account. If a receivable is considered non-recoverable, it is eliminated and deducted from the provision. Subsequent recoverable of amounts previously eliminated are credited in the provision account. Changes in the carrying value of the provision account are recognized in the profit and loss account.

#### De-recognition of assets and liabilities

The Group derecognizes financial assets only when the contractual rights over cash flows related to the assets expire; or when it transfers the financial asset and substantially all risks and rewards related to the asset to another entity.

The Group derecognizes financial assets when and only when the Company's liabilities have been paid, written off or expired.

### **Use of estimates**

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**3. REVENUES**

An analysis of the Group's revenues for H1 2018 is presented below:

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Revenues from sale of finished products	108.638	97.021
Revenues from sale of commodities	10.442	16.084
Revenues from services delivered	1.980	1.994
Other Revenues (Revenues from sale of semi-finished goods, residual goods, other revenues)	7.416	9.159
<b>Total</b>	<b>128.475</b>	<b>124.258</b>

**Segment reporting**

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Sales on domestic market (Romania)	77.840	78.778
Sales on foreign market (Europe)	49.206	44.959
Other (Israel, Taiwan, China)	1.429	522
<b>Total</b>	<b>128.475</b>	<b>124.258</b>

	<b>Segment Revenues</b>		<b>Segment Profit</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Plastics	95.757	85.599	7.580	8.720
Compound recycled products	18.063	17.381	2.928	1.849
Other productive sectors	2.869	3.521	354	583
Other	11.785	17.758	354	451
<b>Total from operations</b>	<b>128.475</b>	<b>124.258</b>	<b>11.216</b>	<b>11.603</b>
Investment income	-	-	828	1.007
Other income	-	-	2.008	1.975
Other gains and losses, general and administrative expenses	-	-	(11.435)	(15.722)
Finance cost	-	-	(1.391)	(1.299)
<b>Profit before taxation</b>	<b>-</b>	<b>-</b>	<b>1.225</b>	<b>(2.435)</b>

### **3. REVENUES (continued)**

“**Plastics**” segment include income obtained by the Group from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (expanded polystyrene trays - standard and catering, expanded polystyrene boards for floor insulation), PET products (trays and multilayer (lamination, sealing, thermoforming) PVC tubes, etc.

“**Compounds – Recycled products**” segment includes income from sale of compounds and re-granulated materials made of recycled polymers and plastics compounds made of virgin polymers used by the processors of plastics products that manufacture items for various uses in the automotive industry, the electrical and household industry, furniture, constructions, pipes, packaging, etc.

**Other productive sectors** include the following groups of products:

- “**Materials for respiratory protection and activated coal**” include respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as activated coal applied in different actions of purification of methane in the biodegradation of household waste, pit soil reclamation, retention of toxic gas from incinerators, etc.
- “**Filters**” include sales of oil, fuel and air filters for both motor vehicles and industrial use.
- “**Processed PVC**” includes products made of recycled materials used to produce traffic signs.

**3. REVENUES (continued)**

**Other activities** include income obtained from other activities representing sales of commodities, rentals and services.

	<b>Assets and liabilities</b>	<b>Segment Assets</b>		<b>Segment Liabilities</b>	
		<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Polyethylene + polystyrene + polypropylene plastics + PET	148.932	144.865	132.202	126.538
Romcarbon	Compound recycled products	91.936	89.968	35.760	35.588
Romcarbon	Other productive sectors	4.634	4.535	3.431	3.415
Romcarbon and other	Other activities	97.654	104.286	23.079	30.668
	<b>Total Assets/Liabilities</b>	<b>343.156</b>	<b>343.654</b>	<b>194.473</b>	<b>196.209</b>
	<b>Depreciation and non-current assets additions</b>	<b>Segment Depreciation</b>		<b>Segment of non-current assets additions *</b>	
		<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Polyethylene + polystyrene + polypropylene plastics + PET	4.375	4.368	1.258	5.934
Romcarbon	Compound recycled products	1.657	1.526	6.441	1.963
Romcarbon	Other productive sectors	225	228	102	7
Romcarbon and other	Other activities	1.998	1.923	68	2.777
	<b>Total</b>	<b>8.255</b>	<b>8.045</b>	<b>7.870</b>	<b>10.681</b>

\* *Non-current assets additions represent inflows of fixed assets during the year and do not include inflows from purchases of subsidiaries.*  
In "Other activities" segment, the Group has one client whose turnover represents 7% of the Group's revenues.

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**4. RAW MATERIALS AND CONSUMABLES USED**

	<b>Period ended June 30, thousand LEI</b>	<b>Period ended June 30, thousand LEI</b>
Raw materials	52.005	49.581
Consumables	4.723	4.765
Energy expenses	6.340	4.697
Goods sold	19.625	25.201
Packaging cost	511	345
	<b>83.204</b>	<b>84.589</b>

**5. OTHER GAINS AND LOSSES**

	<b>Period ended June 30, thousand LEI</b>	<b>Period ended June 30, thousand LEI</b>
Income from the sale of fixed assets	-	1
Income from the sale of investment property	3.553	-
Provisions and write-offs	-	45
Other income	64	53
FOREX revenues	615	2.137
FOREX expenses	(656)	(2.359)
Income / (Expenses) from assets disposed and capital operations	-	(13)
Client allowances	-	-
Compensations, fines and penalties	19	10
Discounts	(4)	17
Other general expenses	-	(1.186)
<b>Total</b>	<b>3.591</b>	<b>(1.297)</b>

**6. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>Period ended June 30, 2018 thousand LEI</b>	<b>Period ended June 30, 2017 thousand LEI</b>
<b>Total, out of which:</b>	<b>8.255</b>	<b>8.045</b>
Depreciation of property, plant and equipment	8.143	7.930
Amortization of intangible assets	112	115



**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**7. EMPLOYEE SALARIES AND SOCIAL SECURITY**

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	30.117	22.941
Social contributions	879	5.500
Meal tickets	1.432	1.392
<b>Total</b>	<b>32.428</b>	<b>29.833</b>

**8. FINANCE COST**

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Total interest, of which:</b>	<b>1.391</b>	<b>1.299</b>
Interest	1.219	1.162
Bank commissions and assimilated charges	172	120
Interests related to lease contracts	-	17
<b>Total</b>	<b>1.391</b>	<b>1.299</b>

**9. EXPENSES**

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	350	276
Expenses with rents	118	100
Expenses with insurance premiums	207	137
Research expenses	-	-
Other expenses with commissions	110	130
Protocol, advertising and publicity expenses	515	483
Transport	3.492	3.248
Expenses with travels	93	142
Expenses with postal charges and telecommunications	114	117
Expenses with third party services	2.988	3.143
Other taxes and levies	1.260	432
Losses on receivables and sundry debtors	-	16
Expenses with indemnifications, fines and penalties	2	3
Other expenses	72	191
<b>Total</b>	<b>9.321</b>	<b>8.419</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**10. PROFIT TAX**

***Income tax expenses***

<b>Income tax expenses comprise:</b>	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Current income tax expense	18	112
Deferred tax income expense	-	-
<b>Total expense (income) with income tax</b>	<b>18</b>	<b>112</b>

The tax rate applied for the reconciliation above related to 2018 and 2017 is 16% and is due by all Romanian legal persons.

The total expense of the year may be reconciled with the accounting profit as follows:

	<b>Period ended June 30, 2018</b>	<b>Period ended June 30, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
<b>Profit before taxation</b>	<b>1.225</b>	<b>(2.323)</b>
Tax calculated according to the 16% rate	196	(372)
Effect of non-taxable income	(179)	(188)
Sponsorship deductions	-	(23)
Tax loss from previous years	681	11
Effect of reinvested profit	(681)	(11)
Effect of non-deductible expenses	1	695
<b>Expense with income tax recognized in income statement</b>	<b>18</b>	<b>112</b>

**Components of deferred tax liabilities**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Property, plant and equipment	9.248	9.248
Investment property	1.878	1.878
Inventories	(229)	(229)
Trade and other receivables	(139)	(139)
Other	-	-
<b>Recognized deferred income tax liabilities</b>	<b>10.758</b>	<b>10.758</b>
<b>of which: deferred tax on revaluation reserves from comprehensive income</b>	<b>9.892</b>	<b>9.892</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**10. PROFIT TAX (continued)**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Opening balance as at January 1</b>	<b>10.758</b>	<b>10.468</b>
<b>(Expense) / Income during the year</b>	-	-
- movement from revaluation reserves	-	-
- recognized in income statement	-	290
- from acquisition of subsidiaries	-	-
<b>Closing balance as at June 30</b>	<b>10.758</b>	<b>10.758</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**11. PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u> <i>thousand LEI</i>	<u>Constructions</u> <i>thousand LEI</i>	<u>Plant and equipment</u> <i>thousand LEI</i>	<u>Other fixtures, plant and furniture</u> <i>thousand LEI</i>	<u>Tangible assets in progress and advances</u> <i>thousand LEI</i>	<u>Total</u> <i>thousand LEI</i>
<b>COST</b>						
<b>Balance as at January 01, 2018</b>	<b>46.634</b>	<b>25.335</b>	<b>173.425</b>	<b>1.478</b>	<b>8.234</b>	<b>255.106</b>
Additions, of which	-	3.117	4.643	92	2.195	10.048
Revaluation increases	-	-	-	-	-	-
Acquisitions	-	3.120	4.649	-	-	7.769
- Transfers	-	-	9	8	7.815	7.832
Disposals, of which	-	-	-	-	-	-
Revaluation decreases	-	-	-	-	7.768	7.768
<b>Balance as at June 30, 2018</b>	<b>46.634</b>	<b>28.452</b>	<b>178.059</b>	<b>1.562</b>	<b>2.616</b>	<b>257.320</b>
<b>Balance as at January 01, 2017</b>	<b>48.156</b>	<b>22.202</b>	<b>168.024</b>	<b>1.430</b>	<b>10.315</b>	<b>250.136</b>
Additions, of which	725	2.885	3.738	105	6.243	13.697
Revaluation increases	-	-	-	-	-	-
Acquisitions	725	2.885	3.738	105	6.243	13.697
- Transfers	725	2.831	3.199	101	-	6.856
Disposals, of which	-	-	134	67	6.970	7.170
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	6.856	6.856
<b>Balance as at June 30, 2017</b>	<b>48.881</b>	<b>25.087</b>	<b>171.628</b>	<b>1.468</b>	<b>9.588</b>	<b>256.653</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**11. PROPERTY, PLANTS AND EQUIPMENT (continued)**

	<u>Land</u> <i>thousand LEI</i>	<u>Constructions</u> <i>thousand LEI</i>	<u>Plant and equipment</u> <i>thousand LEI</i>	<u>Other fixtures, plant and furniture</u> <i>thousand LEI</i>	<u>Tangible assets in progress and advances</u> <i>thousand LEI</i>	<u>Total</u> <i>thousand LEI</i>
<b>ACUMULATED DEPRECIATION</b>						
<b>Balance as at January 01, 2018</b>	<b>19</b>	<b>2.418</b>	<b>67.302</b>	<b>765</b>	<b>-</b>	<b>70.503</b>
Depreciation charge	2	1.063	7.016	61	-	8.143
Disposals from sale of assets	-	-	10	8	-	18
<b>Balance as at June 30, 2018</b>	<b>21</b>	<b>3.481</b>	<b>74.308</b>	<b>818</b>	<b>-</b>	<b>78.628</b>
<b>Balance as at January 01, 2017</b>	<b>15</b>	<b>397</b>	<b>53.598</b>	<b>709</b>	<b>-</b>	<b>54.720</b>
Depreciation charge	2	995	6.876	58	-	7.930
Disposals from sale of assets	-	-	(105)	(66)	-	-
<b>Balance as at June 30, 2017</b>	<b>17</b>	<b>1.391</b>	<b>60.368</b>	<b>701</b>	<b>-</b>	<b>62.478</b>
<b>Adjustmnets for depreciation</b>						
<b>Balance as at January 01, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.186</b>	<b>1.186</b>
Depreciation charge	-	-	-	-	-	-
Disposals from sale of assets	-	-	-	-	-	-
<b>Balance as at June 30, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.186</b>	<b>1.186</b>
<b>NET BOOK VALUE</b>						
<b>As at June 30, 2018</b>	<b>46.613</b>	<b>24.971</b>	<b>103.751</b>	<b>743</b>	<b>1.428</b>	<b>177.506</b>
<b>As at December 31, 2017</b>	<b>46.615</b>	<b>22.917</b>	<b>106.123</b>	<b>713</b>	<b>7.048</b>	<b>183.416</b>

## **11. PROPERTY, PLANTS AND EQUIPMENT (continued)**

As at December 31, 2016 the Company revalued fixed assets in the category of land and buildings through an independent valuer.

Further to the revaluation, the value of the land and buildings decreased by lei 6.536 thousand (the land value decreased by lei 6.239 thousand and value of buildings and constructions decreased by lei 297 thousand).

The net book value of tangible assets under finance lease is 0 as at June 30, 2018 (LEI 973 thousand as at December 31, 2017).

### **Pledged and restricted tangible assets**

#### **ROMCARBON S.A.**

Tangible assets having a net book value of 116.153.524 lei as at June 30 ,2018 (December 31, 2017: 133.821.112 lei) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank and EXIMBANK SA. Some of the commercial banks issued letters of guarantee for the company's commercial partners. To issue such letters of guarantee, the company pledged fixed assets with a net book value of LEI 0 thousand as at December 31, 2017 (December 31, 2017: 0).

### **Guarantees granted to Group companies**

ROMCARBON S.A. is guarantor in the following loans contracted by LivingJumbo Industry SA from UniCredit Bank SA as follows:

- Investment loan in amount of EUR 607,200 (due in February 2024) secured by an immovable mortgage of subsequent rank over real estate located on Simileasca (DN2) ringroad, Buzau, identified by cadastral no. 59505 formerly 18740 (having a total surface area of 3,933 sq m) together with mortgage over the superficies right and the construction built by YENKI SRL SRC 22404794, holding cadastral number 59505-C1 (Land Registry no. 59505-C1) as well as over any constructions to be built on such properties, cadastral no. 67072 (having a total surface area of 33,436 sq m); cadastral no. 67075 (having a total surface area of 970 sq m) and cadastral no. 59507 formerly 18742 (having a total surface area of 70,231 sq m) located on Simileasca (DN2) ringroad, Buzau. As at June 30,2018 the net book value of these assets is LEI 10.745.466. For securing this credit it was set up also a movable mortgage of subsequent rank over 4 equipment having a net book value of LEI 1.811.116 as at June 30, 2018 and over inventories at a value of maximum EUR 2.000.000;
- non-binding loan – cash line – in amount of EUR 450,000 (due in February 2024) secured by mortgage on tangible assets in the form of inventories at a value of maximum EUR 2.000.000;
- non-binding loan – cash line – in amount of EUR 1.000.000 (due in July 2018) secured by mortgage on tangible assets in the form of inventories at a value of maximum EUR 2.000.000 and over 4 equipment having a net book value of LEI 1.811.116 as at June 30 , 2018.

#### **LivingJumbo Industry S.A.**

Tangible assets with a net book value of LEI 42.768.664 as at June 30 ,2018 (December 31, 2017: LEI 40.598.159) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**12. GOOD WILL**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>COST</b>		
<b>Balance at the beginning of the year</b>	<b>143</b>	<b>144</b>
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	1
<b>Balance at the end of the year</b>	<b>143</b>	<b>143</b>

According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any impairment.

**12. OTHER INTANGIBLE ASSETS**

	<b>Licenses</b>	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>COST</b>				
<b>Balance as at January 01, 2018</b>	<b>580</b>	<b>1.240</b>	-	<b>1.820</b>
Additions	29	10	69	108
Disposals	-	-	23	23
<b>Balance as at June 30, 2018</b>	<b>609</b>	<b>1.250</b>	<b>46</b>	<b>1.905</b>
<b>Balance as at January 01, 2017</b>	<b>579</b>	<b>1.198</b>	-	<b>1.778</b>
Additions	23	10	-	34
Disposals	(71)	(16)	-	(86)
<b>Balance as at June 30, 2017</b>	<b>531</b>	<b>1.192</b>	-	<b>1.726</b>
<b>ACUMULATED AMORTIZATION</b>				
<b>Balance as at January 01, 2018</b>	<b>495</b>	<b>1.098</b>	-	<b>1.593</b>
Expenses with amortization	103	9	-	112
Write-offs on disposal of assets	-	-	-	-
<b>Balance as at June 30, 2018</b>	<b>598</b>	<b>1.107</b>	-	<b>1.705</b>
<b>Balance as at January 01, 2018</b>	<b>473</b>	<b>932</b>	-	<b>1.405</b>
Expenses with amortization	26	89	-	115
Write-offs on disposal of assets	(2)	(71)	-	(73)
<b>Balance as at June 30, 2017</b>	<b>497</b>	<b>950</b>	-	<b>1.447</b>
<b>BOOK NET VALUE</b>				
<b>As at June 30, 2018</b>	<b>11</b>	<b>143</b>	<b>46</b>	<b>200</b>
<b>As at December 31, 2017</b>	<b>85</b>	<b>142</b>	-	<b>227</b>



**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**14. FINANCIAL ASSETS**

Details on the Group's associates are as follows:

<b>Name of investment</b>	<b>Core activity</b>	<b>Place of establishment and operations</b>	<b>Ownership</b>	
			<b>June 30, 2018</b>	<b>December 31, 2017</b>
			<b>%</b>	<b>%</b>
KANG YANG BIOTECHNOLOGY CO.LTD	Manufacture of products beneficial for human health	Taiwan	1,95%	1,95%
Romgreen Universal LTD	Business and other management consultancy activities, core activity	Cyprus	17,59%	17,59%
Asociatia ecologica "Greenlife"	Non-profit organization	Romania	33,33%	33,33%
REGISTRUL MIORITA SA	Services related to Shareholders' Registry	Romania	4%	4%
Yenki		Romania	33,34%	33,34%

Changes of investment regarding associates and financial assets:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>As at January 1</b>	<b>28.948</b>	<b>28.467</b>
Share of profit of associates (Romgreen)	207	1.457
Additions	-	-
Transfer to other comprehensive income	(4)	(48)
Loss on retroactive correction of previous year's profit sharing*	(240)	(918)
Reduction of Romgreen* share premiums	-	-
Other	-	(8)
<b>Total</b>	<b>28.911</b>	<b>28.948</b>

*\*In 2017, the shareholders' profit sharing was corrected retroactively (Romgreen) for 2016, further to the reduction of the profit attributable to the parent in the final consolidated financial statements as at December 31, 2016, compared to the estimated profit upon execution of the consolidated financial statements as at December 31, 2016 of Romcarbon group.*

*Similarly, in 2018, share of profit of associates for 2017 was corrected as a result of the approval of the consolidated financial statements of the Romgreen Group.*

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**15. INVENTORIES**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	15.368	18.971
Consumables	3.877	3.793
Items of inventory	110	110
Packaging	260	268
Finished products	6.428	6.999
Production in progress	2.170	2.001
Semi-finished products	6.358	6.259
Residual products	796	990
Commodities	312	480
Impairment allowances for inventories	(1.637)	(1.637)
<b>Total</b>	<b>34.041</b>	<b>38.234</b>

In H1 2018, Group's inventories rotation was 50 days as compared to 53 days in H1 2017.  
 In 2017, the Group's average turnover was 53 days.

**16. TRADE AND OTHER RECEIVABLES**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade receivables	40.357	36.065
Allowances for doubtful clients	(2.406)	(2.407)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	44	133
Advances to services suppliers	293	854
Subsidies	-	2
Warranties withheld	6	6
Other receivables	1.637	1.584
<b>Total</b>	<b>39.931</b>	<b>36.237</b>

**Changes of allowance for doubtful clients**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Balance at the beginning of the year</b>	<b>2.407</b>	<b>2.568</b>
Receivables transferred to expenses during the year	-	166
Decrease of allowance recognized in profit and loss	(1)	(327)
<b>Balance at the end of the year</b>	<b>2.406</b>	<b>2.407</b>

**16. TRADE AND OTHER RECEIVABLES (continued)**

When determining the recoverability of a receivable, the Group takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and the client portfolio is diverse. Therefore, the Group's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

	<b>Analysis of receivables past due beyond 60 days</b>		<b>Analysis of value adjustments by age</b>	
	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
60-90 days	686	695	-	-
90-120 days	740	70	-	-
Over120 days	3.054	3.337	(2.406)	(2.407)
<b>Total</b>	<b>4.480</b>	<b>4.102</b>	<b>(2.406)</b>	<b>(2.407)</b>

**17. OTHER CURRENT ASSETS**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Pre-paid amounts	1.591	75
Taxes recoverable	340	351
<b>Total</b>	<b>1.931</b>	<b>592</b>

**18. ISSUED CAPITAL**

	<b>Issued capital</b>	
	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
264,122,096 fully paid ordinary shares (2017: 264,122,096). The value of one share is LEI 0.1	26.412	26.412
<b>Total</b>	<b>26.412</b>	<b>26.412</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**18. ISSUED CAPITAL (continued)**

	<b>June 30, 2018</b>		<b>December 31, 2018</b>	
	<b>Number of shares</b>	<b>% ownership</b>	<b>Number of shares</b>	<b>% ownership</b>
LIVING PLASTIC INDUSTRY S.R.L.	86.774.508	32,85%	86.774.508	32,85%
Unitai International Corporation	615.500	0,23%	615.500	0,23%
JOYFUL RIVER LIMITED	54.195.089	20,52%	54.195.089	20,52%
STICHTING BEWAARDER OVERLEVINGSFONDS	4.252.035	1,61%	7.500.000	2,84%
BRAICONF SA	23.000.000	8,71%	23.000.000	8,71%
Other legal entities	23.371.532	8,85%	30.559.698	11,57%
Other individuals	71.913.432	27,23%	61.477.301	23,28%
<b>Total</b>	<b>264.122.096</b>	<b>100%</b>	<b>264.122.096</b>	<b>100%</b>

**19. RESERVES**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Revaluation reserves	38.942	39.348
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1.130)	(1.076)
<b>Total</b>	<b>37.812</b>	<b>38.272</b>

**20. RETAINED EARNINGS**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Balance at the beginning of the year</b>	<b>79.572</b>	<b>80.032</b>
Net profit / (net loss) attributable to parent	1.235	(1.492)
Write-off of application of IAS 29 on capital accounts	-	-
Reclassification of revaluation reserve to retained earnings	406	3.011
Dividends paid	-	(2.007)
Decrease of minority holding further to the increase of parent's holding	-	(9)
Other	85	37
<b>Balance at the end of the year</b>	<b>81.297</b>	<b>79.572</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**21. NON-CONTROLLING INTERESTS**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Balance at the beginning of the year</b>	<b>1.007</b>	<b>1.072</b>
Share of profit / (loss) for the year	(28)	(74)
Share of other items of capital	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Decrease further the change in non-controlling interests	-	9
Share of profit / (loss) for the year	-	-
Share of other items of capital	-	-
<b>Balance at the end of the year</b>	<b>979</b>	<b>1.007</b>

**22. BORROWINGS**

	<b>Short term</b>		<b>Long term</b>	
	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Secured borrowings – at amortized cost</b>				
Overdraft and Investment loans	58.939	54.816	46.006	51.589
Lease liabilities	-	87	-	-
<b>Total</b>	<b>58.939</b>	<b>54.903</b>	<b>46.006</b>	<b>51.589</b>
<b>Short – term borrowings</b>	<b>Company</b>	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>	
		<i>thousand LEI</i>	<i>thousand LEI</i>	
Credit line Euro - BRD	Romcarbon	10.592	10.979	
Credit line Euro - BRD	LivingJumbo Industry	9.137	8.853	
Credit line Euro - UniCredit Bank SA	Romcarbon	22.873	21.828	
Investment loan Euro - BRD II	Romcarbon	2.100	2.099	
Investment loan Euro - BRD II	Romcarbon	582	582	
Investment loan Euro - BRD I	Romcarbon	-	408	
Investment loan in lei - Eximbank SA	Romcarbon	1.024	1.024	
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	Romcarbon	2.028	2.027	
Investment loan I in Euro - BRD	LivingJumbo Industry	502	502	
Investment loan II in Euro - BRD	LivingJumbo Industry	186	186	
Investment loan Euro - UniCredit Bank SA	LivingJumbo Industry	404	404	
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	LivingJumbo Industry	3.145	3.144	
Investment loan I in lei - UniCredit Bank	Romcarbon	500	500	
Investment loan II in lei - UniCredit Bank	Romcarbon	306	306	
Investment loan III in lei - UniCredit Bank	Romcarbon	527	527	
Investment loan IV in lei - UniCredit Bank	Romcarbon	1.078	1.078	
Investment loan V in lei - UniCredit Bank	Romcarbon	532	369	
Credit line Euro – UniCredit Bank SA	LivingJumbo Industry	3.262	-	
Investment loan in lei II - Eximbank SA	Romcarbon	162	-	
<b>Total</b>		<b>58.939</b>	<b>54.816</b>	

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**22. BORROWINGS(continued)**

<b>Long-term borrowings</b>	<b>Company</b>	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Investment loan Euro - BRD II	Romcarbon	1.941	2.232
Investment loan Euro - BRD III	Romcarbon	5.424	6.472
Investment loan I in lei - UniCredit Bank	Romcarbon	2.040	2.290
Investment loan II in lei - UniCredit Bank	Romcarbon	689	842
Investment loan III in lei - UniCredit Bank	Romcarbon	1.185	1.448
Investment loan IV in lei - UniCredit Bank	Romcarbon	2.695	3.234
Investment loan V in lei - UniCredit Bank	Romcarbon	1.507	1.200
Investment loan Euro - UniCredit Tiriac Bank SA - Proiect CCE	Romcarbon	9.695	10.705
Investment loan in lei - Eximbank SA	Romcarbon	3.071	3.583
Investment loan in lei II - Eximbank SA	Romcarbon	1.135	906
Investment loan I Euro-BRD	LivingJumbo Industry	1.547	1.797
Investment loan II in Euro - BRD	LivingJumbo Industry	124	97
Investment loan Euro - UniCredit Tiriac	LivingJumbo Industry	13.757	15.325
Investment loan Euro - UniCredit Tiriac Bank SA - Proiect CCE 2015	LivingJumbo Industry	1.256	1.458
<b>Total</b>		<b>46.066</b>	<b>51.589</b>

As at June 30, 2018, the Group had more loans contracted from various banks, these loans are presented below. The amounts are expressed in lei or euro.

**Romcarbon S.A. borrowings**

**a) credit line contracted from UniCredit Bank SA in amount of EUR 5.450.000**

- Balance as at 30.06.2018: Lei 22.873.355 (equivalent of EUR 4.907.287)
  - Due on: 10.04.2019
  - Securities:
1. Mortgage on the following immovable assets (land + constructions), having a net book value as at June 30,2018 of lei 25.809.598 identified as follows:
    - cadastral no. 59505 formerly 18740, (having a total surface area of 3.933 sq m) located on ring belt Simileasca(DN2), Buzau, together with mortgage over the superficies right and the construction built by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;
    - cadastral no. 67072 (having a total surface area of 33.436 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 67075 (having a total surface area of 970 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 59507 formerly 18742(having a total surface area of 70.231 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 67301 having a total surface area of 3.348 resulting from the consolidation of the castral no. 64699 having a total surface area of 3.308 sq m and the cadastral no. 67265 having a total surface area of 40 sq m, located on Str. Transilvaniei, 132, Buzau;

**22. BORROWINGS (continued)**

- cadastral no. 64371 having a total surface area of 22.830 sq m resulting from the division of the area holding cadastral no. 54553 formerly 18335 (having a total surface area of 23.451 sq m) located on Str. Transilvaniei, 132, Buzau.
  - cadastral no. 52784 formerly 344/1/5 (having a total surface area of 7.659 sq m) located on Str. Transilvaniei, 132, Buzau.
  - cadastral no. 52768 formerly 344/1/7 (having a total surface area of 10.191 sq m) located on Str. Transilvaniei, 132, Buzau.
  - cadastral no. 54575 formerly 344/1/1 (having a total surface area of 9.814 sq m) located on Str. Transilvaniei, 132, Buzau.
2. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing in order to build an own utilities supply infrastructure of the property on the share of 3.333 / 101.927 part of the land registered in the C.F. no.51430 Campia Turzii and on the share of 5.523 / 268.359 part of the land plot inscribed in C.F. no.54676 Campia Turzii on A.1, A1.1 under B;
  3. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
  4. Mortgage over 73 machinery having a net book value of lei 1.815.996 as at June 30, 2018;
  5. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts signed with LivingJumbo Industry SA LivingJumbo Industry SA ,P.H. Bratpol Polonia, Yugosac D.O.O.Serbia, KASAKROM Chemicals SRL Bucuresti, Arpa SA Logistics Grecia, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focsani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucuresti, V&T Trade Ltd Sofia Bulgaria;
  6. Security mortgage on stocks having a maximum value of EUR 2.000.000;
  7. Blank promissory note, with the mention "No Protest";
  8. LivingJumbo Industry SA as co-borrower.
  9. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**b) Credit line contracted from BRD GSG in amount of EUR 2.550.000**

- Balance as at 30.06.2018: LEI 10.591.700 (equivalent of EUR 2.272.361)
  - Due on: 30.10.2018
  - Gurantees:
1. Mortgage on the following immovable assets (land + constructions), having a net book value as at June 30, 2018 of lei 11.231.994 identified as follows:
    - 61094(344/1/6) having a total surface area of 8.922 sq m , 52789( 344/1/8) having a total surface area of 17.922 sq m, 61100(344/1/9) having a total surface area of 5.950 sq m, 52777( 344/1/10) having a total surface area of 3.720 sq m, 52808( 344/1/11/1) having a total surface area of 4.561 sq m located on Strada Transilvaniei, nr. 132, Buzau
    - And with the cadastral no. 52788(6778), 52861(6779),52765(6777), 61093-C1-U12( 2362/0;1), 61099-C1-U2(1155/0;2) located on Bld.Unirii, bl.E3-E4, Buzau having a total surface area of 287 sq m.
  2. Mortgage over 31 machinery having a net book value of lei 190.414 as at June 30, 2018.
  3. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  4. Mortgage over receivables with a minimum balance of EUR 500,000 resulting from the commercial contracts concluded with Romcarbon SA with its partners, which total an annual EUR 3.300.000.

## **22. BORROWINGS (continued)**

**As at June 30, 2018, the Company contracted the following long-term loans:**

**a) *Investment loan II in initial amount of EUR 1.000.000 contracted from BRD GSG for EUR 689.617,71***

- Balance as at 30.06.2018: LEI 2.523.838 (equivalent of EUR 541.468)
- Due on: 03.09.2022
- Securities:
  1. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A – as a guarantor of the credit - with BRD GSG – Buzău Branch;
  3. Mortgage without dispossession over 4 machinery having a net book value of lei 3.641.365 as at June 30,2018.

**b) *Investment loan III in amount of EUR 3.153.160 contracted from BRD GSG***

- Balance as at 30.06.2018: LEI 7.523.563 (equivalent of 1.614.118)
- Due on: 03.02.2022
- Securities:
  1. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A – as a guarantor of the credit - with BRD GSG – Buzău Branch;
  3. Mortgage on immovable assets (land + constructions), having a total surface area of 35.159 sq m and a net carrying amount as at June 30, 2018 of lei 13.158.578, identified by the following cadastral numbers: 61517 with a surface area of 17.373 sq m, 54582 with a surface area of 4.108 sq m and 64815 with a surface area of 13.678 sq m;
  4. Mortgage over receivables with a minimum balance of EUR 500,000 resulting from the commercial contracts concluded with Romcarbon SA with its partners, which total an annual EUR 3.300.000.

**c) *Investment loan for the purchase of equipment and financing and re-financing of construction and fit-out works of shop floors in amount of lei 6.142.500 contracted from Banca de Export-Import a Romaniei Eximbank SA***

- Balance as at 30.06.2018: LEI 4.095.000
- Due on: 20.06.2022
- Securities:
  1. Mortgage on immovable assets (land + constructions), having a total surface area of 23.243 sq m and a net carrying amount as at June 30,2018 of lei 4.922.718, identified by the following cadastral numbers : 52853 having a total surface area of 1.323 sq m, 52837 having a total surface area of 1.907 sq m, 54576, having a total surface area of 380 sq m, 54588 having a total surface area of 4.882 sq m, 54558 in suprafata de152 sq m, 54430 having a total surface area of 1.320 sq m, 60631 having a total surface area of 911 sq m, 64035 having a total surface area of 601 sq m, 55996 having a total surface area of 242 sq m and 56197 having a total surface area of 11.525 sq m;
  2. Mortgage without dispossession over 2 machinery having a net book value of lei 4.211.528 as at June 30, 2018.
  3. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with EximBank SA;
  4. Blank promissory note, with the mention "No Protest";



**22. BORROWINGS (continued)**

**d) Investment loan to co-fund project "Development of Romcarbon SA" contracted from UniCredit Bank SA, at an initial value of EUR 3.042.240 (committed for EUR 2.967.419,74)**

- Balance as at 30.06.2018: LEI 11.722.293 (equivalent of EUR 2.514.920)
- Due on: 04.12.2023
- Securities:
  1. Mortgage over the equipment purchased in project "Development of Romcarbon SA", having a net book value of lei 25.774.174 as at June 30, 2018;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;

**e) Investment loan I in amount of lei 3.200.000 with UniCredit Bank SA to purchase assets (land + buildings) located in Iasi, Calea Chisinaului, nr. 27-29**

- Balance as at 30.06.2018: LEI 2.539.526
- Due on: 11.07.2023
- Securities:
  1. Immovable property mortgage over real estate located in Stefanestii de jos, Str.Sinaia nr.15, Ilfov, identified by cadastral/topographic no. 50009, having a total surface area of 12.774 sq m and a net book value of lei 4.933.376 as at June 30, 2018;
  2. Immovable property mortgage over real estate located by the ring-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), cadastral no. 67075 (in total surface area of 970 sq m) and cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m) located on the ring road Simileasca (DN2), Buzau. As at June 30, 2018 the net book value of such real estate was lei 10.718.412;
  3. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 of Cluj county, together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing;
  4. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, nr.27-29 identified by cadastral no. 3860/223/2-3860/226/1 – land in surface area of 242 sq m and holding cadastral no. 3860/223/2-3860/226/1- C49/p/2 building having a useful surface area of 192,39 sq m and built surface area of 224.85 sq m and holding cadastral no. 128921, land in surface area of 1.312,48 sq m – land – and holding cadastral no. 128921-C1 cafeteria building G+1 having a useful surface area of 1.193,67 sq m – ground floor and useful surface area of 1.193,67 sq m – upper floor, having a net book value of lei 3.274.853 as at June 30, 2018;
  5. Security mortgage on stocks having a maximum value of EUR 2.000.000;
  6. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018;
  7. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
  8. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**22. BORROWINGS (continued)**

**f) Investment loan II in amount of lei 2.500.000 from UniCredit Bank SA to co-fund the 2016 investment plan**

- Balance as at 30.06.2018: LEI 995.355
- Due on: 19.09.2021
- Securities:
  1. Immovable property mortgage over real estate located by the ring-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), cadastral no. 67075 (in total surface area of 970 sq m) and cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m) located on the ring road Simileasca (DN2), Buzau. As at June 30, 2018 the net book value of such real estate was lei 10.718.412;
  2. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 of Cluj county;
  3. Security mortgage on stocks having a maximum value of EUR 2.000.000;
  4. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018;
  5. Mortgage over the future equipment which shall be purchased by financing out of this credit;
  6. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
  7. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**g) Investment loan III in amount of lei 442.500 from UniCredit Bank SA to co-fund the 2016 investment plan**

- Balance as at 30.06.2018: LEI 1.711.920 (equivalent of EUR 367.278)
- Due on: 19.09.2021
- Securities:
  1. Immovable property mortgage over real estate located by the ring-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), cadastral no. 67075 (in total surface area of 970 sq m) and cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m) located on the ring road Simileasca (DN2), Buzau. As at June 30, 2018 the net book value of such real estate was lei 10.718.412;
  2. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 of Cluj county;
  3. Security mortgage on stocks having a maximum value of EUR 2.000.000;
  4. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018;
  5. Mortgage over the future equipment which shall be purchased by financing out of this credit;
  6. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
  7. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**22. BORROWINGS (continued)**

**h) Investment loan IV in amount of lei 5.400.000 from UniCredit Bank SA to refinance self-funded investments in 2016**

- Balance as at 30.06.2018: LEI 3.772.575
- Due on: 01.12.2021
- Securities:
  1. Immovable property mortgage over real estate located in Stefanestii de jos, Str.Sinaia nr.15, Ilfov, identified by cadastral/topographic no. 50009, having a total surface area of 12.774 sq m and a net book value of lei 4.933.376 as at June 30, 2018;
  2. Immovable property mortgage over real estate located by the ring-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), cadastral no. 67075 (in total surface area of 970 sq m) and cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m) located on the ring road Simileasca (DN2), Buzau. As at June 30, 2018 the net book value of such real estate was lei 10.718.412;
  3. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing;
  4. Mortgage over 47 equipment having a net book value of lei 2.842.513 as at June 30, 2018;
  5. Security mortgage on stocks having a maximum value of EUR 2.000.000;
  6. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018;
  7. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
  8. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**i) Investment loan V in amount of lei 2.250.000 from UniCredit Bank SA to refinance self-funded investments in 2016 (partly drawn)**

- Balance as at 30.06.2018: 2.039.132 lei
- Due on: 06.04.2022
- Securities:
  1. Mortgage on the following immovable assets (land + constructions), having a net book value as at June 30,2018 of lei 19.613.076 identified as follows:
    - cadastral no. 59505 formerly 18740, (having a total surface area of 3.933 sq m) located on the ring road Simileasca (DN2), Buzau, together with mortgage over the superficies right and the construction built by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;
    - cadastral no. 59507 formerly 18742(having a total surface area of 70.231 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 67072 (having a total surface area of 33.436 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 67075 (having a total surface area of 970 sq m) located on ring belt Simileasca(DN2), Buzau;
    - cadastral no. 67301 having a total surface area of 3.348 resulted from consolidation of the cadastral number 64699 having a total surface area of 3.308 sq m and 67265 having a total surface area of 40 sq m, located on Str. Transilvaniei, 132, Buzau;
    - cadastral no. 64371 having a total surface area of 22.830 sq m resulted from dissolution of the cadastral number 54553 formerly 18335 (having a total surface area of 23.451 sq m) located on Str. Transilvaniei, 132, Buzau;
    - cadastral no. 54575 formerly 344/1/1 (having a total surface area of 9.814 sq m) located on Str. Transilvaniei, 132, Buzau;

**22. BORROWINGS (continued)**

2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzau Branch;
3. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing;
4. Mortgage over the future equipment which shall be purchased by financing out of this credit;
5. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018;
6. Security mortgage on stocks having a maximum value of EUR 2.000.000;
7. Blank promissory note, with the mention "No Protest";
8. Guarantors : LivingJumbo Industry SA and Yenki SRL.

**j) *Investment loan II in amount of lei 2.432.500 contracted from Banca de Export-Import a Romaniei Eximbank SA to finance and re-finance objectives included in the 2017 investment plan (partly drawn)***

- Balance as at 30.06.2018: LEI 1.296.971
- Due on: 16.12.2022
- Securities:
  1. Second rank mortgage over one equipment (washing, sorting, grounding line for PE foil) having a net book value of lei 3.232.992 as at June 30, 2018;
  2. Mortgage over 7 equipment having a net value of lei 715.229 as at June 30, 2018;
  3. Mortgage over the future equipment which shall be purchased by financing out of this credit;
  4. Mortgage over the current and future receivables resulting from the commercial transactions with Toro Manufacturing and Sales SRL;
  5. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with EximBank SA – Buzau Branch;
  6. Blank promissory note, with the mention "No Protest";

**Borrowings LivingJumbo Industry S.A.**

**a) *Credit line contracted from BRD GSG within the limit of EUR 2.000.000***

- Balance as at 30.06.2018: LEI 9.136.791 (equivalent of EUR 1.960.222)
- Due on: 30.10.2018
- Securities:
  1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of EUR 800.150;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with BRD GSG – Buzau Branch;
  3. Assignment of amounts received based on the commercial contracts concluded with clients in amount of minimum EUR 4.461.299 in 2016 and EUR 7.272.222 in 2017.

**b) *Credit line contracted from UniCredit Bank SA within the limit of EUR 1.000.000***

- Balance as at 30.06.2018: LEI 3.261.945 (equivalent of EUR 699.823)
- Due on: 18.07.2018
- Securities:
  1. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing;

**22. BORROWINGS (continued)**

2. Security mortgage on stocks having a maximum value of EUR 2.000.000 owned by SC Romcarbon SA;
3. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018 owned by SC Romcarbon SA;
4. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with BRD GSG – Buzau Branch;
5. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with Carlestam Poland Sp.z o.o, Bulgariapack EOOD, TRANSBOX N.V, BIG PACK, ZPH IZOMER JOSEF KOLASA, SMITFIELD PROD SRL, ROMCARBON SA, WESTFLEISH ROMANIA SRL, DOLY-COM DISTRIBUTIE, DUTON PLAST, MARSAL PRODUCTION GROUP SRL.

**c) Long-term loan contracted from BRD GSG at an initial value of EUR 645.000 (partly contracted)**

- Balance as at 30.06.2018: LEI 2.048.591 (equivalent of EUR 439.508)
- Due on: 07.07.2022
- Securities:
  1. Mortgage without dispossession over the machinery forming the object of the investment;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with BRD GSG – Buzau Branch;

**d) Long-term loan contracted from UniCredit Bank SA at an initial value of EUR 607.200 (partly contracted)**

- Balance as at 30.06.2018: LEI 1.660.219 (equivalent of EUR 356.186)
- Due on: 15.02.2024
- Securities:
  1. Immovable property mortgage over real estate located by the ring-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC 22404794, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), cadastral no. 67075 (in total surface area of 970 sq m) and cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m) located on the ring road Simileasca (DN2), Buzau. As at June 30, 2018 the net book value of such real estate was lei 10.718.412;
  2. Mortgage over the land and constructions owned by LivingJumbo Industry SA located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38.235 sq m identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670 together with the right of servitude for pedestrian and vehicles crossings, and a right of servitude for underground and over ground crossing in order to build an own utilities supply infrastructure of the property on the share of 3.333 / 101.927 part of the land registered in the C.F. no.51430 Campia Turzii and on the share of 5.523 / 268.359 part of the land plot inscribed in C.F. no.54676 Campia Turzii on A.1, A1.1 under B;
  3. Security mortgage on stocks having a maximum value of EUR 2.000.000 owned by SC Romcarbon SA;
  4. Subsequent rank movable mortgage over 4 equipment having a net book value of lei 1.811.116 as at June 30, 2018 owned by SC Romcarbon SA;
  5. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with UniCredit Bank SA – Buzau Branch;
  6. Guarantors : SC Romcarbon SA and S.C YENKI S.R.L

**22. BORROWINGS (continued)**

**e) Long-term loan contracted from UniCredit Bank SA to co-fund investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" at an initial value of EUR 4.723.205 (partly contracted)**

- Balance as at 30.06.2018: LEI 16.901.894 (equivalent of EUR 3.626.160)
- Due on: 15.02.2024
- Securities:
  1. Movable mortgage over the equipment purchased by using the credit with an estimated value of EUR 8.867.855 and the assignment of the insurance policy of the equipment purchased to UniCredit Bank SA, with the mention that the bank is the sole beneficiary of the policy;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with UniCredit Bank SA – Buzau Branch;

**f) Long-term loan contracted from BRD GSG at an initial value of EUR 160.000 (partly contracted)**

- Balance as at 30.06.2018: Lei 310.835 (equivalent of EUR 66.687)
- Due on: 01.11.2021
- Garantii:
  1. Mortgage without dispossession over the machinery forming the object of the investment;
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. LivingJumbo Industry S.A. with BRD GSG – Buzau Branch;

**23. OTHER CURRENT LIABILITIES**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Liabilities to employees	2.004	1.730
Liabilities related social contributions	1.433	1.454
Income tax	(300)	8
VAT payable	587	705
Other taxes payable	125	100
Salaries taxes payable	317	720
Interest payable	-	-
Other non-trade liabilities	-	-
<b>Total</b>	<b>4.167</b>	<b>4.717</b>

**24. TRADE AND OTHER LIABILITIES**

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	35.471	34.516
Suppliers invoices not received	1.588	1.421
Advances to clients	772	712
Sundry creditors (a)	3.130	2.020
<b>Total</b>	<b>40.960</b>	<b>38.670</b>

The position Sundry creditors includes the amount of LEI 1.564 thousand, which represents borrowings from entities and natural person shareholders. (see note 28).



## 25. FINANCE LEASE OBLIGATIONS

### Lease contracts

Finance leases refer to vehicles leased for 5-6 years' term. The Group has the option to purchase the equipment for a nominal amount at the end of the contractual terms. The Group's finance lease obligations are secured by the lessee's ownership right over the assets.

### Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	Period ended June 30, 2018	Year ended December 31, 2017	Period ended June 30, 2018	Year ended December 31, 2017
	thousand LEI	thousand LEI	thousand LEI	thousand LEI
<b>Present value of finance lease payments</b>				
Amounts due within one year	-	87	-	-
More than one year, but less than 5 years	-	-	-	-
<b>Total lease liabilities</b>	<b>-</b>	<b>87</b>	<b>-</b>	<b>87</b>
Less future finance expenses	-	-	-	-
Present value of finance lease payments	-	87	-	-
<b>Included in the financial statements as:</b>				
Short-term borrowings	-	87	-	-
Long-term borrowings	-	-	-	-

## 26. DEFERRED INCOME

As at June 30, 2018, the value of investment subsidies received from the Group amounts to LEI 33.225 thousand, as follows:

- Romcarbon SA – LEI 18.808 thousand, of which LEI 7.125 thousand for the project "Modernization of the cosq many by purchasing new technologies in production, reshaping, rehabilitation and extension of existing production facilities" not transferred to income and LEI 11.662 thousand related to project "Development of S.C. ROMCARBON S.A. through the purchase of new equipment".
- LivingJumbo Industry SA – LEI 14.417 thousand LEI, of which LEI 14.084 thousand related to investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" and LEI 333 thousand related to the investment project co-funded from European funds implemented in 2011.

Non-refundable amounts in the form of investment subsidies are transferred to income together with the monthly amortization.

## **27. FINANCIAL INSTRUMENTS**

### **(a) Capital risk management**

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The Company's capital consists of liabilities, which include the borrowings presented in note 23, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 19, 20 and 21.

The management of the Group's risk also consists in a regular review of the capital structure. As part of this review, the management takes into account the cost of capital and risks associated with each class of capital. Based on the management's recommendations, the Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares, as well as by contracting new debts or settling existing debts.

### **(b) Main accounting policies**

Details of the main accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

### **(c) Objectives of financial risk management**

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analysing exposure by the degree and extent of risks. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

### **(d) Market risk**

The Group's activities expose it firstly to financial risks regarding the fluctuation of the foreign exchange rate (see (e) below) and interest rate (see (f) below).

There has been no change in the Group's exposure to market risks or in the manner the Group manages and measures risks.

### **(e) Currency risk management**

The Group undertakes transactions denominated in various foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policies.

### **(f) Interest rate risk management**

The Group is exposed to interest rate risk given that Group entities borrow funds both at fixed and at variable interest. The risk is managed by the Group by maintaining a balance between fixed rate and variable rate borrowings.

The Group's exposures to interest rates over financial assets are presented in the section regarding liquidity risk management under this note.



## **27. FINANCIAL INSTRUMENTS (continued)**

### **(g) Other risks regarding prices**

The Group is exposed to risks related to equity, arising from equity investments. Equity investments are held for strategic purposes rather than commercial purposes. The Group does not actively trade such investments.

### **(h) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Trade receivables consist of a large number of clients from various industries and geographical areas. Credits are constantly assessed as regards the clients' financial status and, if applicable, credit insurance is concluded.

The Group does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Group defines counterparties as having similar characteristics when they are related entities. At no time during the year has the credit risk percentage exceeded 5% of the gross monetary assets.

### **(i) Liquidity risk management**

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

### **(j) Fair value of financial instruments**

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

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The financial statements include unlisted share holdings, measured at fair value. The best estimate for fair value is determined using the historical cost of shares.

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 such instruments approximate their carrying values. The carrying values represent the Group's maximum exposure to credit risks related to existing receivables.

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**27. FINANCIAL INSTRUMENTS (continued)**

The carrying values of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are as follows:

<b>2018</b>	<b>EUR</b>	<b>USD</b>	<b>Leu</b>	<b>June 30, 2018</b> <b>Total</b>
	<b>1 EUR =</b> <b>4,6611 lei</b>	<b>1 USD =</b> <b>4,0033 lei</b>	<b>1</b> <b>lei</b>	
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash and cash equivalents	2.640	579	10.829	14.048
Receivables and other current assets	12.291	3	27.637	39.931
Other current assets	-	-	1.931	1.931
<b>LIABILITIES</b>				
Trade and other liabilities	6.740	33	34.187	40.960
Other current liabilities	-	-	4.167	4.167
Short and long-term borrowings	90.573	-	14.432	105.005
Short and long-term finance lease liabilities	-	-	-	-
<b>2017</b>	<b>EUR</b>	<b>USD</b>	<b>Leu</b>	<b>December</b> <b>31,2017</b> <b>Total</b>
	<b>1 EUR =</b> <b>1 EUR = 4,6597</b>	<b>1 USD =</b> <b>1 USD = 3,8915</b>	<b>1</b> <b>lei</b>	
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash and cash equivalents	701	27	5.270	5.997
Receivables and other current assets	9.453	29	27.346	36.828
Other current assets	-	-	-	-
<b>LIABILITIES</b>				
Trade and other liabilities	8.128	91	30.451	38.670
Other current liabilities	-	-	4.717	4.717
Short and long-term borrowings	91.073	-	15.331	106.404
Short and long-term finance lease liabilities	87	-	-	87

**27. FINANCIAL INSTRUMENTS (continued)**

The Group is mainly exposed to EUR and USD exchange rates. The following table details the Group's sensitivity to a 10% increase and decrease in the LEI exchange rate against EUR/USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to top management and represents management's estimate of the reasonably possible changes in foreign exchange rates. The vulnerability analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In the following table, a negative number below indicates a decrease in profit, whereas the LEI weaken 10% against the EUR/USD. For a 10% strengthening of the LEI against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Loss	(9.055)	(10.234)

**Tables regarding liquidity and interest rate risks**

The following tables present the maturity terms of the Group's financial liabilities.

The tables have been prepared based on the cash flows, not current, of the financial liabilities on the nearest date when the Group is likely to be claimed payment. The table includes both interest and cash flows related to principal.

<b>2018</b>	<b>Less than 1 year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>Total</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Non-interest bearing</b>				
Trade payable and other current liabilities	40.960	-	-	40.960
<b>Interest bearing instruments</b>				
Short and long-term loans	58.939	13.175	32.891	105.005
Short and long-term leases	-	-	-	-
<b>Non-interest bearing</b>				
Cash and cash equivalents	14.048	-	-	14.048
Receivables and other current assets	41.862	-	-	41.862
<b>2017</b>	<b>Less than 1 year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>Total</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Non-interest bearing</b>				
Trade payable and other current liabilities	41.995	-	-	41.995
<b>Interest bearing instruments</b>				
Short and long-term loans	52.101	11.876	42.295	106.272
Short and long-term leases	392	-	-	392
<b>Non-interest bearing</b>				
Cash and cash equivalents	10.521	-	-	10.521
Receivables and other current assets	35.239	-	-	35.239

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**27. FINANCIAL INSTRUMENTS (continued)**

The table below present the credit limit and the balance of 10 major counterparties as at the date of the balance sheet, in thousand LEI:

<b>Company</b>	<b>Conterparty</b>	<b>Sales 6 Months of 2018</b>	<b>Receivables as at June 30, 2018</b>	<b>Credit limit</b>	<b>Credit days</b>
Romcarbon SA	KASAKROM CHEMICALS SRL	8.868	3.557	NO	max 105
Romcarbon SA	DEDEMAN SRL BACAU	3.208	2.282	NO	90
Romcarbon SA	ROMPETROL RAFINARE SA			NO	
Romcarbon SA	NAVODARI	3.166	1.821		90
Romcarbon SA	GREENFIBER			NO	
Romcarbon SA	INTERNATIONAL SA	2.456	169		34
Romcarbon SA	PH BRATPOL JERZY			NO	
Romcarbon SA	BRATKOWSKI POLONIA	2.453	937		75
LivingJumbo Industry SA	BAOBAG	4.837	1.272	NO	60
LivingJumbo Industry SA	Carlestam Poland Sp. z o.o.	4.366	1.490	NO	60
LivingJumbo Industry SA	EXPERGO BUSINESS			NO	
LivingJumbo Industry SA	NETWORK SRL	3.160	1.051		60
LivingJumbo Industry SA	THRACE-IPOMA SA	2.646	1.016	NO	50
LivingJumbo Industry SA	POLIMERO	2.282	341		35

**28. RELATED PARTY TRANSACTIONS**

The transactions among the Parent and its subsidiaries – Group’s related parties – were eliminated from the consolidation and are not presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party.

**Indemnities granted to top management**

The remuneration of managers and other top management members was the following:

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Executive management salaries	2.021	1.641
Benefits for Board of Administration	209	165
<b>Total</b>	<b>2.230</b>	<b>1.807</b>

The remuneration of managers and executive personnel is determined by the shareholders, depending on individual performances and market conditions.

**Shareholder borrowings**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
WU HUI TZU (Living Jumbo Industry SA)	18	18
LIVING PLASTTIC INDUSTRY SRL (LivingJumbo Industry SA)	1.350	1.350
WINPACK INDUSTRY (Eco Pack Management SRL)	195	189
<b>Total</b>	<b>1.564</b>	<b>1.557</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2018**

**28. RELATED PARTY TRANSACTIONS (continued)**

**Tranzactions with Affiliates**

*(all the amounts are in thousand LEI)*

	<b>Sales of goods and services</b>		<b>Purchases of goods and services</b>		<b>Receivables from related parties</b>		<b>Payables to related parties</b>	
	<b>6 Months of 2018</b>	<b>6Months of 2017</b>	<b>6 Months of 2018</b>	<b>6Months of 2017</b>	<b>30 Jun. 2018</b>	<b>31 Dec. 2017</b>	<b>30 Jun. 2018</b>	<b>31 Dec. 2017</b>
GREENFIBER INTERNATIONAL SA	3.174	2.432	3.089	48	246	947	1.663	198
GRINTEH D.O.O MACEDONIA	-	-	-	-	61	74	-	-
GREENTEH DOO SERBIA	146	114	-	-	-	-	-	-
GREENGLASS RECYCLING SA	-	9	-	-	-	-	-	-
GREENTECH SA	1.617	1.489	1.116	2.750	184	95	73	1.747
TOTAL WASTE MANAGEMENT	230	380	2	25	27	60	-	29
GREENWEEE INTERNATIONAL SA	305	416	74	189	13	65	51	44
GREEN RESOURCES MANAGEMENT S.A.	3	1	-	-	-	-	-	-
GREENLAMP RECICLARE SA	-	1	-	-	-	1	-	-
<b>TOTAL</b>	<b>5.475</b>	<b>4.843</b>	<b>4.281</b>	<b>3.012</b>	<b>531</b>	<b>1.234</b>	<b>1.787</b>	<b>2.019</b>

## 29. ACQUISITION OF SUBSIDIARIES

In 2018 The Group has not acquire new subsidiaries.

## 30. DISPOSAL OF SUBSIDIARIES

In 2018 The Group has not allienate any subsidiary.

## 31. CASH ON HAND AND AT BANKS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts. Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash at banks	13.961	5.852
Cash on hand	87	36
Cash equivalents	106	109
<b>Total</b>	<b>14.048</b>	<b>5.997</b>

## 32. INVESTMENT PROPERTY

	<b>Period ended June 30, 2018</b>	<b>Year ended December 31, 2017</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Investment property</b>		
Land	29.604	32.428
Buildings	16.840	17.432
<b>Total</b>	<b>46.444</b>	<b>49.860</b>

The Parent holds non-current fixed assets (land and buildings) located in Iași, Ștefănești and Buzău in amount of LEI 46.444 thousand.

The Group does not intend to use the assets in Iași in its core activity, they will be held for future capitalization. In consideration of such fact, the property and the plant in Iasi are presented to investment property both as at December, 31 2017 and June 30, 2018 according to IAS 40 "Investment property".

Both the land and the building were registered at the fair value of investment property based on the report of the independent valuator, prepared as at the end of every year. Investment property is not subject to depreciation.

As at December 31, 2017, the Company valued investment property and the result of the valuation, in amount of Lei 1,490 thousand, was registered to profit or loss. As at June 30, 2018 the investment property hasn't been audited.

### **32. INVESTMENT PROPERTY (continued)**

On 23.04.2018 the company signed with Office&Logistic SRL, two buying selling precontracts as follows :

- Buying selling precontract having as the object the promiss to sell the assets property consisting of land in total area of 39.269,50 sq m located in Iasi, no.29 Chisinaului Way, Iasi County for the total price of EUR 3.900.000, without VAT, selling which is to be done in two stages, having as property transfer dates 10.05.2018 and 30.07.2018 ;
- Buying selling precontract having as the object the promiss to sell the assets property consisting of land in total area of 35.192,48 sq m located in Iasi, no.29 Chisinaului Way, Iasi County for the total price of EUR 3.430.689, without VAT, selling which is to be done in three stages, having as property transfer dates 30.07.2019, 29.11.2019 and 30.03.2020.

On 11.05.2018 it was cashed the amount of RON 6.968.100 (equivalent of EUR 1.500.000) – paid by Office&Logistic SRL - representing the countervalue of an asset (land and construction) located in Iasi, no.29 Chisinaului Way, Iasi County having a total surface of 9.269,50 sq m, out of which 3.001 sq m built area, according to the buying selling contract no. 2113/10.05.2018 representing the 1st stage of the buying selling precontracts no.1.

The cost of the asset sold was RON 3.415.050, resulting a profit of RON 3.553.050 recognized in the Statement of comprehensive income at the position « Other gains and losses ».

### **33. COMMITMENTS AND CONTINGENCIES**

#### **Potential tax liabilities**

In Romania, there are agencies authorized to conduct controls (audits). Such controls are to a great extent similar to those conducted in other countries by tax authorities, but may extend to other legal or regulatory fields in which the Romanian authorities may become interested. The Group is likely to continue to be subject to periodic controls for breaches or alleged breaches of new and existing laws and regulations. Although the Group may challenge the alleged breaches and penalties when the management considers that it is entitled to, the adoption or implementation of laws and regulations in Romania might have a significant effect on the Group. The tax system in Romania is under continual development, being subject to constant interpretations and changes, often retroactive. In Romania, the fiscal year remains open for fiscal verification for 5 years.

The Group's administrators consider that the Group's tax liabilities have been calculated and recorded according to the legal provisions.

#### **Transfer pricing**

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices.

Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification. According to the regulation in force the Group prepares yearly the Price transferring documentation. Although in the management's opinion the transactions with relaty parties are realized on the market price basis, the Group's management can not guarantee that the fiscal authorities, forward the the verifications, shall reach to the same conclusion.

#### **Environmental matters**

The Group's core activity has inherent effects on the environment. The effects of the Group's activities on the environment are monitored by local authorities and the Group's management. Therefore, no provisions have been recorded for any obligations, not measurable at present, regarding the environment or the required remedy works.

### **34. SUBSEQUENT EVENTS**

#### **SC Romcarbon SA**

On August 01, 2018, the General Meeting of Shareholders of Romcarbon SA approved the distribution of the amount of LEI 2.007.327,93 representing a part of the Profit recorded in 2017 as dividends.

On August 01, 2018, the Extraordinary General Meeting of Shareholders of Romcarbon SA approved granting a loan to LivingJumbo Industry SA (a company in whose capital Romcarbon holds 99% of shares) in the following conditions: Duedate - 12 months, interest rate - 4%/year, guarantees - blue check.

In the same meeting it was approved the Investment plan for 2018 in amount of EUR 951.834 and also contracting a credit in amount of EUR700,000 for co-financing the investment plan.

On July 31, 2018 it was cashed from Office&Logistic SRL the amount of LEI 11.118.080 (equivalent of EUR 2.400.000) representing the countervalue of an asset located in Iasi, Calea Chisinaului, no.29 in total area of 29.741 sq m, out of which 10.712 sq m built area, according to the contract no.1197/30.07.2018 representing the second stage of the buying - selling anteccontract no.1.

#### **SC LivingJumbo Industry SA**

On June 27, 2018, the General Meeting of Shareholders of LivingJumbo Industry SA acknowledged the resignation of Mrs Genes Alina Elena from the position of the Chairman and member of the Board of Directors starting with July 01, 2018. In the same meeting Mr. Wu, Yu-Te was appointed member of Board of Directors for a mandate valid till May 31, 2021.

Starting with July 01, 2018 the LivingJumbo Industry SA 's Board of Directors has the following structure: Ms. Manaila Carmen (chairperson), Mr. Radu Andrei (member) and Mr. Wu, Yu-Te (member).

On August 02, 2018, LivingJumbo Industry SA 's Board of Directors approved contracting a shareholder loan from Romcarbon SA in amount of EUR 1.000.000 in the following conditions: Duedate - 12 months, interest rate - 4%/year, guarantees - blue check.

### **35. APPROVING THE FINANCIAL STATEMENTS**

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2018.

**Prepared by,**

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**HUANG LIANG NENG,  
Chairman of the Board**

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**VIORICA ZAINESCU,  
Financial Manager**

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**ANDREI RADU,  
General Manager**



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