

**ROMCARBON S.A. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2016**

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

## **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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**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED JUNE 30,2016**

	<u>Note</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Revenues	<b>3</b>	124.604	104.478
Other income		1.879	688
Investment income		916	949
Other gains or losses	<b>5</b>	(383)	110
Changes in finished products and production in progress		3.287	4.150
Raw materials and consumables used	<b>4</b>	(75.874)	(73.043)
Depreciation and amortization expense	<b>6</b>	(7.253)	(4.234)
Employee salaries and social security	<b>7</b>	(24.148)	(19.807)
Finance costs	<b>8</b>	(1.733)	(1.078)
Other expenses	<b>9</b>	(20.017)	(7.677)
Share of profit of associates	<b>14</b>	1.972	2.111
<b>Profit before taxation</b>		<b>3.250</b>	<b>6.647</b>
Profit tax	<b>10</b>	(999)	(825)
<b>Profit of the period</b>		<b>2.251</b>	<b>5.822</b>
<b>Profit of the period</b>		<b>2.251</b>	<b>5.822</b>
<b>Attributable to:</b>			
Owners of the parent		2.418	5.836
Non-controlling interests		(167)	(14)
<b>From core operations:</b>			
RON (cents per share)		0.009	0.022
Average number of shares		264.122	264.122

The accompanying notes are integral part of these consolidated financial statements.  
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**ROMCARBON S.A**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE PERIOD ENDED JUNE 30,2016

	<u>Note</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Comprehensive income</b>		<u>                    </u>	<u>                    -</u>
<b>Other comprehensive income subsequently transferred to profit or loss</b>			
Exchange differences on translating foreign operations		258	262
<b>Other comprehensive income subsequently transferrable to profit or loss</b>			
Exchange differences on translating foreign operations		(86)	311
<b>Comprehensive income of the year</b>			
<b>Attributable to:</b>			
Owners of the parent		195	291
Non-controlling interests		<u>(23)</u>	<u>282</u>
<b>Total comprehensive income</b>		<u><b>2.424</b></u>	<u><b>6.395</b></u>
Owners of the parent		2.613	6.126
Non-controlling interests		(190)	268

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**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED JUNE 30,2016**

	<u>Note</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	198.214	197.495
Investment property	32	44.095	43.799
Goodwill	12	143	143
Other intangible assets	13	505	435
Investment in associates	14	29.087	26.978
Financial assets	14	197	197
<b>Total non-current assets</b>		<b><u>272.241</u></b>	<b><u>269.047</u></b>
<b>Current assets</b>			
Inventories	15	30.021	28.049
Trade and other receivables	16	40.712	56.686
Other current assets	17	1.127	2.004
Cash and bank balances	31	9.321	17.014
<b>Total current assets</b>		<b><u>81.182</u></b>	<b><u>103.753</u></b>
<b>Total assets</b>		<b><u>353.423</u></b>	<b><u>372.800</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	18	26.412	26.412
Share premiums		2.182	2.182
Reserves	19	43.232	43.248
Retained earnings	20	78.155	77.870
Equity attributable to owners of the parent		149.981	149.712
Non-controlling interest	21	1.206	1.400
<b>Total equity</b>		<b><u>151.187</u></b>	<b><u>151.112</u></b>
<b>Non-current liabilities</b>			
Long-term borrowings	22	53.622	54.538
Finance lease liabilities	22	527	1.275
Deferred tax liabilities	10	11.143	11.143
Other non-current liabilities with provisions		3.819	8
Deferred income	26	41.227	43.107
<b>Total non-current liabilities</b>		<b><u>110.339</u></b>	<b><u>110.070</u></b>

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**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 FOR THE PERIOD ENDED JUNE 30,2016

	<u>Note</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Current liabilities</b>			
Trade and other liabilities	24	39.129	37.808
Short-term borrowings	22	46.886	69.203
Finance leases	22	1.662	1.719
Deferred income		116	24
Other current liabilities	23	4.104	2.864
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>91.897</b>	<b>111.619</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>202.236</b>	<b>221.689</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>353.423</b>	<b>372.800</b>
		<hr/>	<hr/>

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**ROMCARBON S.A.****STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2016**

	<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>Total January 01, 2016</b>	<b>26.412</b>	<b>2.182</b>	<b>44.728</b>	-	(1.480)	77.870	149.712	1.400	151.113
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve			(212)			212	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	195	-	195	(23)	173
Net profit of the period						2.418	2.418	(167)	2.251
Items transferred to comprehensive income	-	-	-	-	-				
Corrections						(100)	(100)	(4)	(104)
Dividends distribution	-	-	-	-	-	(2.245)	(2.245)	-	(2.245)
<b>Total June 30, 2016</b>	<b>26.412</b>	<b>2.182</b>	<b>44.516</b>		<b>(1.285)</b>	<b>78.155</b>	<b>149.981</b>	<b>1.206</b>	<b>151.187</b>

The shareholders' decision of 28.04.2016 approved the distribution of LEI 1.973 thousand from the 2015 profit and LEI 272 thousand from the 2014 profit to shareholders as dividends.

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	<u>Capital social</u>	<u>Prime de capital</u>	<u>Rezerve din reevaluare</u>	<u>Alte rezerve</u>	<u>Diferente de conversie aferente operatiunilor externe</u>	<u>Rezultat Reportat</u>	<u>Atribuibil deținătorilor de capitaluri proprii ai societății mamă</u>	<u>Interese care nu controlează</u>	<u>Total</u>
<b>Total January 01, 2015</b>	<b>26.412</b>	<b>2.182</b>	<b>45.185</b>	<b>-</b>	<b>(1.049)</b>	<b>70.678</b>	<b>143.409</b>	<b>1.765</b>	<b>145.175</b>
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	(235)	-	-	235	-	(13)	(13)
Exchange differences on translating foreign operations	-	-	-	-	291	-	291	282	573
Net profit of the period	-	-	-	-	-	5.836	5.836	(14)	5.822
Items transferred to comprehensive income	-	-	-	-	-	(356)	(356)	-	(356)
Corrections	-	-	-	-	(10)	(290)	(300)	-	(300)
Dividends distribution	-	-	-	-	-	(2.007)	(2.007)	-	(2.007)
<b>Total June 30, 2015</b>	<b>26.412</b>	<b>2.182</b>	<b>44.950</b>	<b>-</b>	<b>(768)</b>	<b>74.096</b>	<b>146.872</b>	<b>2.020</b>	<b>148.892</b>

The shareholders' decision of 29.04.2015 approved the distribution of LEI 2.007 thousand from the 2014 profit to shareholders as dividends.

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**ROMCARBON S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30,2016**

<u>Note</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Cash flows from operating activities:</b>		
<b>Gross profit of the period</b>	<b>3.250</b>	<b>6.647</b>
Finance expenses recognized in profit	1.733	1.078
Gains from investments recognized in profit	(9)	(10)
Gain / (Loss) on sale or disposal of fixed assets	118	1
Loss on impairment of trade receivables	-	24
Amortization / Depreciation of non-current assets	7.322	4.234
Proceeds from the alienation of subsidiaries	-	
Net gain / loss on foreign exchange	18	1.443
Gain / Loss on investment	-	
Gain / Loss on revaluation of investment property	-	-
Subsidies	(1.879)	(688)
Gain on share of profit of associates	(1.972)	(2.111)
Increase / Decrease in provisions	3.811	(24)
Increases in deferred income	92	(419)
<b>Movements in working capital</b>		
(Increase) / Decrease in trade and other receivables	2.492	(10.016)
(Increase) / Decrease in inventories	(1.972)	(399)
(Increase) / Decrease in other assets	859	(1.483)
Increase / (Decrease) in trade and other payables	1.497	1.413
Increase / (Decrease) in other payables	1.240	(524)
Increase / (Decrease) in deferred tax	-	-
<b>Cash generated by/used in operating activities</b>	<b>16.599</b>	<b>(834)</b>
Interest paid	(1.512)	(845)
Income tax paid	(1.155)	(680)
Bank commissions paid	(221)	(234)
<b>Net cash generated by operating activities</b>	<b>13.711</b>	<b>(2.593)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	-
Payments for intangible assets	-	-
Proceeds from disposal of property, plant and equipment	-	(5)
Proceeds from subsidies	13.482	-
Payments for property, plant and equipment	(8.668)	(14.936)
Payments for financial asstes	-	(13)
Interest received	9	10
Proceeds from investments allienations	-	-
<b>Net cash used in investing activities</b>	<b>4.822</b>	<b>(14.945)</b>

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**ROMCARBON S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30,2016**

<b>Note</b>	<b>June 30, 2016</b>	<b>la June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Cash flows from financing activities</b>		
Proceeds from capital increase	-	-
Repayment of borrowings	(23.233)	9.135
Lease payments	(747)	(608)
Payments for purchasing non-controlling shares	-	-
Proceeds from subsidiary acquisition	-	-
Dividends paid	(2.245)	139
	<u>(26.226)</u>	<u>8.666</u>
<b>Net cash generated by financing activities</b>	<b>(26.226)</b>	<b>8.666</b>
<b>Net decrease / (increase) in cash and cash equivalents</b>	<b>(7.692)</b>	<b>(8.874)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>17.014</b>	<b>20.646</b>
Cash from subsidiaries acquired during the year		
<b>Cash and cash equivalents at the end of the year</b>	<b>9.321</b>	<b>11.772</b>

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**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, 2016 the Parent's shares were traded on the BSE and its main shareholders were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, ROMANIAN INVESTMENT FUND (Romanian Opportunities Corporation Loc. Road Town VIR), STICHTING BEWAARDER OVERLEVINGSFONDS.

The Parent's main field of activity is the manufacture of plastic packaging.

As at June 30, 2016 the Parent was holding directly or through other subsidiaries, participating interest in the following entities, thus forming Romcarbon Group:

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 Data processing, web hosting and related activities (NACE code 6311).

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.

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**GENERAL INFORMATION (continued)**

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.

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25,3597 % and 74,6224%, 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), no. 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.

GREENSORT RECYCLING SRL is a company established in 2012, where SC Romcarbon SA directly holds 51,00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located in Bucharest, Sector 1, Intrarea Dr. Iacob Felix, no. 59, bl. A1, Sc. A, Ap. 30, Cam.1. The company's main object of activity is – NACE code 3832 - Recovery of sorted materials.

NEXT ECO RECYCLING SA is a company established in 2011, where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69,30% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, no. 132. The main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299).

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, where SC Romcarbon SA indirectly holds 25,00% of the shares through Recyplat LTD Cyprus. The company's main office is located in Akropoleos, 59-61, 3<sup>rd</sup> floor, office 301, Nicosia, 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, through RECYPLAT LTD Cyprus and Romgreen Universal LTD, 16,96% of the shares, and the remaining shares are held by Romanian and foreign legal and natural persons. 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 15,26% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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 16,96% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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.

GREENTECH DOO MACEDONIA is a company established in 2007, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 15,17% 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.

GREENFIBRA HELLAS is a company established in 2008, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 10,17% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Greece, Kilki unit, Kilki city, Kilki Industrial Area. The company's main object of activity is Recycling of scraps and non-metallic waste. In 2009, Greenfiber International SA decreased its participation in the company's capital from 60% to 24%.

**GENERAL INFORMATION (continued)**

GREENTECH SA is a company established in 2002, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.56% of the shares and the remaining shares are held by Romanian and foreign 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).

GREENWEEE INTERNATIONAL SA is a company established in 2007 where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 19,10% of the shares and the remaining shares are held by foreign natural and legal persons. 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 19,10% through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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 RECICLARE S.A. is a company established in 2010, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 24,99%, 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 17,53% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENTECH SA.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17,50% of the shares. 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).

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30,2016

1. **GENERAL INFORMATION (continued)**

	<u>Place of establishment</u>	<u>Object of activity</u>	<u>Interest %</u>	<u>Control %</u>	<u>Cost as at 30.06.2016 [LEI]</u>	<u>Interest %</u>	<u>Control %</u>	<u>Cost as at 31.12.2015 [LEI]</u>
LIVINGJUMBO INDUSTRY S.A.	Romania	Manufacture of plastic packing goods	99,00%	99,00%	1.639.232	99,00%	99,00%	1.639.232
GRINFILD LLC UCRAINA	Ukraine	Wholesale trade	62,62%	62,62%	3.205.389	62,62%	62,62%	3.207.871
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 web services and related activities	99,50%	99,50%	1.980	99,50%	99,50%	1.980
Next Eco Reciclyng SA	Romania	Other business support service activities n.e.c.	69,30%	69,30%	1.129.705	69,30%	69,30%	1.129.705
RECYPLAT LTD	Cyprus	Business and other management consultancy activities	100,00%	100,00%	20.857.287	100,00%	100,00%	20.857.287
ECO PACK MANAGEMENT SA	Romania	Other business support service activities n.e.c.	99,46%	99,24%	2.619.254	99,46%	99,24%	2.619.254

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30,2016**

**1. GENERAL INFORMATION (continued)**

	<u>Place of establishment</u>	<u>Object of activity</u>	<u>Interest %</u>	<u>Control %</u>	<u>Cost as at 30.06.2016 [LEI]</u>	<u>Interest %</u>	<u>Control %</u>	<u>Cost as at 31.12.2015 [LEI]</u>
GREENSORT RECYCLING SRL	Romania	Recovery of sorted materials.	51,00%	51,00%	20.400	51,00%	51,00%	20.400
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
Romgreen Universal LTD	Cyprus	Business and other management consultancy activities	25,00%	25,00%	-	25,00%	25,00%	-
Yenki SRL	Romania	Operation of sports facilities	33,34%	33,34%	100.000	33,34%	33,34%	100.000
Registrul Miorita	Romania	Shareholders registry services	4%	4%	5.000	4%	4%	5.000
Asociatia ecologica "Greenlife"	Romania	Non-profit organization	44,84%	44,84%	400	44,84%	44,84%	400
Kang Yang Biotechnology Co.Ltd	Taiwan	Manufacture of product beneficial for human health	5%	5%	203.963	5%	5%	203.963



## **2. MAIN ACCOUNTING POLICIES**

### **Statement of compliance**

The consolidated financial statements (hereinafter the “financial statements”) were prepared in accordance with 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 in force in the reporting period**

At the date of authorization of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were effective:

- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 25 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortization - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be

**MAIN ACCOUNTING POLICIES (continued)****Standards and Interpretations issued by IASB and effective in the reporting period (continued)**

applied for annual periods beginning on or after 1 February 2015),

- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

Adopting these amendments to the existing standards haven't lead to a situation to require the change of Group's accounting policies.

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

At the date of the financial statements approval the following standards, amendments to the existing standards and interpretations adopted by UE were issued but it haven't entered into force yet:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016), – The European Commission has decided not to launch the endorsement process of this interim standard and to wait the issuance of the final standard;
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 “Leasing”** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 “Share based payments” – Classification and Measurement of Share-based Payment Transactions** (effective for annual periods beginning on or after 1 January 2018);
- **Amendments to IFRS 10 “Consolidated financial statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates”** (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 10 “ Consolidated financial statements” and IAS 28 “Investments in Associates” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (the application of this standard was postponed to an indefinite period);
- **Amendments to IAS 7 “Statement of Cash Flows” - Disclosure** (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 “Income Taxes” – recognition of deferred tax assets for unrealized losses** (effective for annual periods beginning on or after 1 January 2017).

The group decided to apply these standards and interpretations from the date 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.

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.

**2. MAIN ACCOUNTING POLICIES (continued)****Standards and Interpretations issued by IASB but not yet adopted by the EU (continued)**

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.

**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.

**2. MAIN ACCOUNTING POLICIES (continued)****Revenues recognition**

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

**Sale of goods**

Revenues from sale of goods are 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 revenues 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.

**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.

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

Impozitul curentCurrent 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.

Provisions for taxes and levies

As at June 30, 2016 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.

**2. MAIN ACCOUNTING POLICIES (continued)*****Taxation (continued)***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.

**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 valuator, 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.



**2. MAIN ACCOUNTING POLICIES (continued)****Property, plant and equipment (continued)**

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:

Buildings	5 – 45 years
Plant and equipment	3 – 20 years
Other installations, office equipment	3 – 30 years
Vehicles in finance lease	5 – 6 years

**Investment property**

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.

**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:

<u>Licences</u>	1 – 5 years
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**2. MAIN ACCOUNTING POLICIES (continued)****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.

**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.



**2. MAIN ACCOUNTING POLICIES (continued)**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 instruments 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.

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.

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

**Financial assets and liabilities (continued)**

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.

**3. REVENUES**

An analysis of the Group's revenues for the reporting period is presented below:

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales of finished products	77.806	71.178
Sales of commodities	22.596	20.338
Other revenues	24.201	12.961
<b>Total</b>	<b>124.604</b>	<b>104.478</b>

**Segment reporting**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales on domestic market (Romania)	89.350	70.826
Sales on foreign market (Europe)	35.210	33.566
Other (Israel, Taiwan)	44	86
<b>Total</b>	<b>124.604</b>	<b>104.478</b>

**3. REVENUES (continued)**

	<b>Segment Revenues</b>		<b>Segment profits</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Plastics	73.874	71.226	15.600	14.430
Compound recycled products	7.591	6.366	337	279
Other productive sectors	3.381	3.320	723	314
Other	39.758	23.565	2.808	3.088
<b>Total from operations</b>	<b>124.604</b>	<b>104.478</b>	<b>19.469</b>	<b>18.110</b>
Investment income	-	-	916	949
Other income	-	-	1.879	688
Administrative and salary expenses	-	-	(17.281)	(12.023)
Finance costs	-	-	(1.733)	(1.078)
<b>Profit before taxation</b>	<b>-</b>	<b>-</b>	<b>3.250</b>	<b>6.647</b>

“**Plastics**” segment includes revenues 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 (PET trays and foils and multilayers films (lamination, sealing, thermoforming), PVC tubes, etc.

“**Compounds – Recycled products**” segment includes revenues obtained by the Group from selling 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**” includes sales of respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as active carbon used in different actions of purification of methane resulted in the biodegradation process of household garbage, greening various residues resulted from the oil industry, retention of toxic gas from incinerators, s.o.
- “**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 revenues obtained from other activities representing sales of commodities, rentals and services.

		<b>Segment : Assets</b>		<b>Segment: Liabilities</b>	
		<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Segment : Asstes and Liabilities</b>		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Plastics : Polyethylene + polystyrene + polypropylene + PET products	145.558	167.798	120.582	142.919
Romcarbon	Compound recycled products	87.984	90.759	43.519	46.109
Romcarbon	Other productive sectors	9.566	9.861	4.253	4.505
Romcarbon si Others	Other activities	110.314	104.383	33.882	28.156
<b>Total Assets/Liabilities</b>		<b>353.423</b>	<b>372.800</b>	<b>202.236</b>	<b>221.689</b>
<b>Depreciation and non-current assets additions</b>		<b>Segment : Depreciation</b>		<b>Segment of non-current assets additions *</b>	
		<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Plastics: Polyethylene + polystyrene + polypropylene + PET products	4.214	2.028	2.417	58.732
Romcarbon	Compound recycled products	1.252	1.370	1.895	21.863
Romcarbon	Other productive sectors	176	231	54	48
Romcarbon si Others	Other activities	1.612	605	497	842
<b>Total</b>		<b>7.253</b>	<b>4.234</b>	<b>4.863</b>	<b>81.485</b>

\* Non-current assets additions represent inflows of fixed assets during the year and do not include inflows from purchases of subsidiaries. The Group has one client (Kasakrom Chemicals SRL) whose turnover represents 17% of the Group's revenues.

## 4. RAW MATERIALS AND CONSUMABLES USED

	June 30, 2016	June 30, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	37.039	35.640
Other consumables	5.359	2.476
Energy expenses	4.116	3.826
Commodities sold	29.172	30.932
Packaging cost	188	169
	<b>75.874</b>	<b>73.043</b>

## 5. OTHER GAINS AND LOSSES

	June 30, 2016	June 30, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from the sale of fixed assets	299	1
Provisions and write-off	-	33
Other income	62	29
FOREX gains	2.325	1.808
FOREX loss	(2.318)	(1.731)
Income/expense from closing the investments	-	-
Income / (Expenses) from changes in fair value of investment property	(9)	-
Income / (Expenses) from assets disposed and capital operations	(299)	-
Client allowances	-	-
Compensations, fines and penalties	1	8
Net income from provisions	-	-
Other finance expenses	-	-
Other general expenses	(443)	(39)
<b>Total</b>	<b>(383)</b>	<b>110</b>

## 6. DEPRECIATION AND AMORTIZATION EXPENSE

	June 30, 2016	June 30, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Amortization/depreciation</b>	<b>7.254</b>	<b>4.234</b>
of which:		
Depreciation of property, plant and equipment	7.151	4.043
Amortization of intangible assets	103	191

	June 30, 2016	June 30, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Provisions for assets</b>		
Provisions	-	-
Non-current provisions	3.819	-
<b>Total provisions</b>	<b>3.819</b>	<b>-</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. EXPENSES WITH SALARIES AND SOCIAL LEVIES**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	18.515	15.159
Social contributions	4.510	3.709
Meal tickets	1.123	939
<b>Total</b>	<b>24.148</b>	<b>19.807</b>

**8. FINANCE COSTS**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Total interest</b>	<b>1.733</b>	<b>1.078</b>
of which:		
Interest	1.457	756
Bank commissions and assimilated charges	221	234
Interests related to lease contracts	55	88
<b>Total</b>	<b>1.733</b>	<b>1.078</b>

**9. OTHER EXPENSES**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	193	160
Expenses with rents	249	245
Expenses with insurance premiums	164	138
Research expenses	-	15
Other expenses with commissions	93	60
Protocol, advertising and publicity expenses	508	407
Transport	2.865	2.561
Expenses with travels	122	160
Expenses with postal charges and telecommunications	123	120
Expenses with third party services	11.045	3.317
Other taxes and levies	386	346
Losses on receivables and sundry debtors	5	24
Expenses with indemnifications, fines and penalties	14	29
Other expenses	4.250	95
<b>Total</b>	<b>20.017</b>	<b>7.677</b>

**INCOME TAX**

*Income tax expenses*

<b>Income tax expenses comprise:</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Current income tax expense	999	825
Deferred tax income expense	-	-
<b>Total expense (income) with income tax</b>	<b>999</b>	<b>825</b>

The tax rate applied for the reconciliation above related to 2016 and 2015 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>June 30, 2016</b>	<b>June 30, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Profit before taxation</b>	<b>3.250</b>	<b>6.647</b>
Tax calculated according to the 16% rate	520	1.063
Effect of non-taxable income	(139)	(858)
Sponsorship deductions	(37)	-
Deductions	-	-
Tax loss from previous years	(63)	-
Effect of non-deductible expenses	718	619
<b>Expense with income tax recognized in income statement</b>	<b>999</b>	<b>825</b>

**Components of deferred tax liabilities**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Property, plant and equipment	9.919	9.919
Investment property	1.519	1.519
Inventories	(124)	(124)
Trade and other receivables	(171)	(171)
Other	-	-
<b>Recognized deferred income tax liabilities</b>	<b>11.143</b>	<b>11.143</b>
<b>of which: deferred tax on revaluation reserves from comprehensive income</b>	<b>-</b>	<b>-</b>

**10. INCOME TAX (continued)**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Opening balance as at January 1</b>	<b>11.143</b>	<b>11.043</b>
<b>(Expense) / Income during the year</b>		
- movement from revaluation reserves	-	100
- recognized in income statement	-	-
- from acquisition of subsidiaries	-	-
<b>Closing balance as at June 30</b>	<b>11.143</b>	<b>11.143</b>



**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30,2016

**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, 2016</b>	<b>54.522</b>	<b>19.824</b>	<b>159.622</b>	<b>1.411</b>	<b>7.394</b>	<b>242.774</b>
Additions, of which	-	1.009	3.672	80	8.790	13.551
Revaluation increases	-	-	-	-	-	-
Acquisitions	-	1.009	3.672	80	8.790	13.551
- Transfers	-	772	2.204	42	-	3.018
Disposals, of which	-	(293)	(66)	(26)	(5.456)	(5.841)
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	(3.018)	(3.018)
<b>Balance as at June 30, 2016</b>	<b>54.522</b>	<b>20.540</b>	<b>163.228</b>	<b>1.465</b>	<b>10.729</b>	<b>250.484</b>
<b>Balance as at January 01, 2015</b>	<b>54.522</b>	<b>17.754</b>	<b>80.405</b>	<b>1.315</b>	<b>4.146</b>	<b>158.141</b>
Additions, of which	-	2.092	79.304	97	83.688	165.183
Revaluation increases	-	-	-	-	-	-
Acquisitions	-	2.092	79.304	97	83.688	165.183
- Transfers	-	1.189	78.464	-	-	79.572
Disposals, of which	-	(22)	(86)	(0.8)	(80.440)	(80.550)
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	(79.572)	(79.572)
<b>Balance as at December 31, 2015</b>	<b>54.522</b>	<b>19.824</b>	<b>159.622</b>	<b>1.411</b>	<b>7.394</b>	<b>242.774</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30,2016

12. 11. **PROPERTY, PLANT 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, 2016</b>	<b>11</b>	<b>3.562</b>	<b>41.049</b>	<b>658</b>	-	<b>45.282</b>
Depreciation charge	2	673	6.389	87	-	<b>7.151</b>
Disposals from sale of assets	-	(96)	(17)	(48)	-	<b>(161)</b>
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	-	-	-	-
<b>Balance as at June 30, 2016</b>	<b>13</b>	<b>4.139</b>	<b>47.421</b>	<b>698</b>	-	<b>52.272</b>
<b>Balance as at January 01, 2015</b>	<b>7</b>	<b>2.096</b>	<b>34.377</b>	<b>567</b>	-	<b>37.007</b>
Depreciation charge	4	1.482	6.783	100	-	<b>8.370</b>
Disposals from sale of assets	-	(15)	(71)	(9)	-	(95)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	-	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>11</b>	<b>3.562</b>	<b>41.049</b>	<b>658</b>	-	<b>45.282</b>
<b>Net book value</b>						
<b>As at June 30, 2016</b>	<b>54.509</b>	<b>16.400</b>	<b>115.808</b>	<b>768</b>	<b>10.729</b>	<b>198.214</b>
<b>As at December, 31 2015</b>	<b>54.511</b>	<b>16.251</b>	<b>118.572</b>	<b>754</b>	<b>7.394</b>	<b>197.495</b>

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

As at December 31, 2013 the Company revaluated tangible assets from the land and buildings category using the services of an independent valuator. The differences in value reflected in the financial statements ended December 31, 2013 amounted to LEI 29.101 thousand.

As at June 30, 2016 the tangible assets were not revaluated.

The net book value of tangible assets under finance lease is LEI 7.615 thousand as at June 30, 2016 (LEI 8.001 thousand as at December 31, 2015).

**Pledged and restricted tangible assets**

**ROMCARBON S.A.**

Tangible assets having a net book value of LEI 125.952 thousand as at June 30,2016 (December 31, 2015: LEI 126.063 thousand) represent security for loans and credit lines contracted from: BRD GSG, UniCredit Bank, EXIMBANK SA. Some of the commercial banks issued letters of guarantee for certain loans contracted in order to finance the activity. To issue such letters of guarantee, the company pledged fixed assets with a net book value of LEI 50 thousand as at June 30, 2016 (December 31, 2015: LEI 96 thousand).

**LIVING JUMBO INDUSTRY S.A.**

Tangible assets with a net book value of LEI 45.032 thousand as at June 30,2016 (December 31, 2015: LEI 46.239 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

**12. GOODWILL**

	<b>June 30, 2016</b>	<b>December, 31 2015</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>143</b>
Additions from acquisition of subsidiaries	-	834
Impairment of goodwill	-	(834)
<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.

## 13. OTHER INTANGIBLE ASSETS

	<u>Licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
	<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, 2016</b>	<b>453</b>	<b>1.213</b>	-	<b>1.667</b>
Additions, of which	47	231	-	278
<i>Transfers</i>	-	-	-	-
<i>Acquisitions</i>	47	231	-	278
Disposals, of which	(12)	(94)	-	(106)
<i>Decreases</i>	(12)	(94)	-	(106)
<i>Transfers</i>	-	-	-	-
<b>Balance as at June 30, 2016</b>	<b>488</b>	<b>1.350</b>	-	<b>1.839</b>
<b>Balance as at January 01, 2015</b>	<b>378</b>	<b>1.144</b>	-	<b>1.522</b>
Additions, of which	76	115	-	191
<i>Transfers</i>	-	-	-	-
<i>Acquisitions</i>	-	-	-	-
Disposals, of which	-	(46)	-	(46)
<i>Decreases</i>	-	-	-	-
<i>Transfers</i>	-	-	-	-
<b>Balance as at December, 31 2015</b>	<b>453</b>	<b>1.213</b>	-	<b>1.667</b>
<b>ACUMULATED AMORTIZATION</b>				
<b>Balance as at January 01, 2016</b>	<b>378</b>	<b>854</b>	-	<b>1.232</b>
Expenses with amortization	47	56	-	103
Write-offs on disposal of assets	63	(64)	-	(1)
Transfer	-	-	-	-
<b>Balance as at June 30, 2016</b>	<b>488</b>	<b>846</b>	-	<b>1.334</b>
<b>Balance as at January 01, 2015</b>	<b>378</b>	<b>574</b>	-	<b>952</b>
Expenses with amortization	-	282	-	282
Write-offs on disposal of assets	-	(2)	-	(2)
Transfer	-	-	-	-
<b>Balance as at December, 31 2015</b>	<b>378</b>	<b>854</b>	-	<b>1.232</b>
<b>NET BOOK VALUE</b>				
<b>As at June 30, 2016</b>	-	<b>504</b>	-	<b>504</b>
<b>As at December, 31 2015</b>	<b>75</b>	<b>359</b>	-	<b>435</b>

**14. OTHER 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, 2016</b>	<b>December, 31 2015</b>
			<b>%</b>	<b>%</b>
KANG YANG BIOTECHNOLOGY CO.LTD	Manufacture of products beneficial for human health	Taiwan	5%	5%
Romgreen Universal LTD	Business and other management consultancy activities, core activity	Cyprus	25%	25%
Asociatia ecologica "Greenlife"	Non-profit organization	Romania	33,33%	33,33%
REGISTRUL MIORITA SA	Shareholders' Registry services	Romania	4%	4%
Yenki	Operation of sports facilities	Romania	33,34%	33,34%

Changes of investment regarding associates and financial assets:

	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<b>thousand LEI</b>	<b>thousand LEI</b>
<b>As at January 1</b>	<b>27.175</b>	<b>23.930</b>
Share of profit of associates (Romgreen)	1.972	3.980
Additions	-	-
Transfer to other comprehensive income	136	258
Dividends collected	-	-
Elimination	-	(1.001)
Reduction of Romgreen* share premiums	-	8
Others	-	-
<b>Total</b>	<b>29.283</b>	<b>27.175</b>

**15. INVENTORIES**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>thousand LEI</b>	<b>thousand LEI</b>
Raw materials	14.446	15.125
Consumables	2.719	3.007
Items of inventory	133	174
Packaging	198	152
Finished products	4.326	3.686
Production in progress	2.898	1.912
Semi-finished products	5.308	4.336
Residual products	139	19
Commodities	658	443
Impairment allowances for inventories	(805)	(805)
<b>Total</b>	<b>30.021</b>	<b>28.049</b>

In the 1<sup>st</sup> semester of 2016 , the Group's average inventories rotation was 42 days as compared with 41 days in 1<sup>st</sup> semester of 2015. In 2015 , the Group's average inventories rotation was 43 days.

**16. TRADE AND OTHER RECEIVABLES**

	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade receivables	41.156	39.500
Allowances for doubtful clients	(2.498)	(2.498)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	859	409
Advances to services suppliers	137	329
Subsidies	-	18.923
Warranties withheld	6	14
Other receivables	1.052	10
<b>Total</b>	<b>40.713</b>	<b>56.686</b>

  

	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Balance at the beginning of the year</b>	<b>2.498</b>	<b>2.096</b>
Receivables transferred to expenses during the year	-	434
Decrease of allowance recognized in profit and loss	-	(33)
<b>Balance at the end of the year</b>	<b>2.498</b>	<b>2.498</b>

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 receivables adjustments by age</b>	
	<b>June 30, 2016</b>	<b>December, 31 2015</b>	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
60-90 days	166	243	-	(381)
90-120 days	14	4	-	
over 120 days	3.270	2.995	(2.498)	(2.117)
<b>Total</b>	<b>3.450</b>	<b>3.242</b>	<b>(2.498)</b>	<b>(2.498)</b>

**17. OTHER CURRENT ASSETS**

	June 30, 2016	December, 31 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
Suppliers-debtors for services		
Pre-paid amounts	278	296
Taxes recoverable	849	1.708
<b>Total</b>	<b>1.127</b>	<b>2.004</b>

**18. ISSUED CAPITAL**

	Share capital	
	June 30, 2016	December, 31 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
264.122.096 fully paid ordinary shares (2015: 264.122.096). The value of one share is RON 0,1	26.412	26.412
<b>Total</b>	<b>26.412</b>	<b>26.412</b>

	June 30, 2016		December, 31 2015	
	No. of shares	%	No. of shares	%
	<u>                    </u>	<u>ownership</u>	<u>                    </u>	<u>ownership</u>
Living Plastic Industry S.R.L.	86.774.508	32,85%	86.774.508	32,85%
Joyful River Limited Loc. Nicosia CYP	54.195.089	20,52%	54.195.089	20,52%
Unitai International Corporation	615.500	0,23%	615.500	0,23%
ROMANIAN Opportunities FUND loc. WINDWARD CYM)	20.337.983	7,7%	27.622.431	10,46%
Stichting Bewaarder Overlevingsfonds	13.500.000	5,11%	13.206.106	5%
BRAICONF SA	15.000.000	5,68%	10.000.000	3,79%
Other legal persons	22.790.570	8,63%	21.843.341	8,27%
Natural persons	50.908.446	19,27%	49.865.121	18,88%
<b>Total</b>	<b>264.122.096</b>	<b>100,00%</b>	<b>264.122.096</b>	<b>100,00%</b>

**18. ISSUED CAPITAL (continued)**

Between April and May 2009, the share capital of S.C. ROMCARBON S.A. was increased by the issuance of 78.181.818 new nominal shares having a nominal value of LEI 0.1 each, of which 77.664.829 shares were subscribed resulting in the LEI 7.766 thousand increase and 516.989 shares were cancelled. The issuance price of the new shares also included the share premium of LEI 0,01 per share, registering a total value of LEI 776 thousand.

The main characteristics of the securities issued by the company: 264.122.096 nominal shares, dematerialized, having a nominal value of LEI 0,1.

On March 26, 2013 the Company approved to cover the loss carried forward registered in the financial statements under "Retained earnings from the first-time adoption of IAS 29", loss which arises from the adoption of IAS 29 "Financial reporting in hyperinflationary economies" in amount of LEI 202.093 thousand as follows: LEI 201.640 thousand under "Share capital adjustments" and LEI 453 thousand under "Other items of equity".

**19. RESERVES**

	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Revaluation reserves	44.517	44.723
Reserves from the application of IAS 29 on items of equity		
Translation differences	(1.285)	(1.475)
<b>Total</b>	<b>43.232</b>	<b>43.248</b>

**20. RETAINED EARNINGS**

	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Balance at the beginning of the year</b>	<b>77.869</b>	<b>70.678</b>
Net profit attributable to parent	2.418	8.522
Write-off of application of IAS 29 on capital accounts		-
Reclassification of revaluation reserve to retained earnings	211	462
Transfers from revaluation reserves	-	-
Write-off of transfer of revaluation reserve to reserve realized in 2011	-	-
Sales of subsidiaries		
Dividends distribution	(2.245)	(2.007)
Other	(99)	214
<b>Balance at the end of the period</b>	<b>78.155</b>	<b>77.869</b>



**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30,2016**

**21. NON-CONTROLLING INTERESTS**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
<b>Balance at the beginning of the year</b>	1.400	1.765
Share of profit for the year	(167)	49
Share of other items of capital	(23)	(177)
Increases from acquisition of interests	-	130
Dividend distribution	-	-
Decreases in minority interests due to changes in the interest percentage	-	-
Allienation of subsidiaries	-	(366)
Other	(4)	-
<b>Balance at the end of the period</b>	<b>1.206</b>	<b>1.400</b>

**22. BORROWINGS**

	<b>Short term</b>		<b>Long term</b>	
	<b>June 30, 2016</b>	<b>December, 31 2015</b>	<b>June 30, 2016</b>	<b>December, 31 2015</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>
<b>Secured borrowings – at amortized cost</b>				
Overdraft and Investment loans	46.886	69.203	53.622	54.538
Lease liabilities	1.662	1.718	527	1.274
<b>Total</b>	<b>48.548</b>	<b>70.921</b>	<b>54.149</b>	<b>55.812</b>

<b>Short-term loans</b>	<b>Company</b>	<b>June 30, 2016</b>	<b>December, 31 2015</b>
		<b><i>thousand LEI</i></b>	<b><i>thousand LEI</i></b>
Credit line in Euro – BRD	Romcarbon	10.444	9.742
Credit line in Euro – BRD	LivingJumbo Industry	3.990	1.712
Bridge loan in Euro- Project CCE 2015 - UniCredit Bank SA	LivingJumbo Industry	-	18.079
Credit line in Euro – UniCredit Bank SA	Romcarbon	14.713	14.137
Credit line in Euro – UniCredit Bank SA	Romcarbon	10.495	10.213
Bridge loan in Euro - Proiect CCE 2015 - UniCredit Bank SA	Romcarbon	-	9.384
VAT facility in LEI - Proiect CCE 2015 - UniCredit Bank SA	Romcarbon	-	1.220
Investment loan - Project CCE 2015 - UniCredit Bank SA	LivingJumbo Industry	961	-
Investment loan in Euro - Project CCE 2015 - UniCredit Bank SA	Romcarbon	531	-
Investment loan in Euro [2015]-UniCredit Bank SA	LivingJumbo Industry	61	-
Investment loan in Euro [2015]-BRD	LivingJumbo Industry	145	-
Investment loan in Euro -BRD [I]	Romcarbon	2.376	2.377
Investment loan in Euro -BRD [II]	Romcarbon	189	47
Investment loan in Euro -BRD [III]	Romcarbon	2.036	2.038
Investment loan in LEI - Eximbank SA	Romcarbon	945	255
<b>Total</b>		<b>46.886</b>	<b>69.203</b>

**22. BORROWINGS (continued)**

<b>Long-term loans</b>	<b>Company</b>	<b>June 30, 2016</b>	<b>December, 31 2015</b>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Investment loan in Euro [2015]-BRD	LivingJumbo Industry	1.449	1.210
Investment loan in Euro -BRD [I]	Romcarbon	1.584	2.774
Investment loan in Euro -BRD [II]	Romcarbon	2.929	3.073
Investment loan in Euro -BRD [III]	Romcarbon	9.334	10.360
Investment loan in Euro - Project CCE 2015 - UniCredit Bank SA	Romcarbon	12.884	13.426
Investment loan in LEI - Eximbank SA	Romcarbon	4.726	2.800
Investment loan in Euro [2015]- UniCredit Bank SA	LivingJumbo Industry	1.216	871
Investment loan - Project CCE 2015 - UniCredit Bank SA	LivingJumbo Industry	19.501	20.025
<b>Total</b>		<b>53.622</b>	<b>54.538</b>

As at June 30, 2016, the Group had more loans contracted from various banks, the most important of which are presented below.

**Romcarbon SA**

***I. Credit line contracted from UniCredit Bank in amount of EUR 3.450.000***

- Outstanding amount as at June 30, 2016: LEI 14.713.220 (equivalent of EUR 3.254.417)
- Due date: 02.07.2016
- Guarantees:

1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30, 2016 of LEI 30.328.261, identified as follows:
  - cadastral no. 59505 formerly, 18740 (having a total surface area of 3,933 sq m) located on the beltway Simileasca (DN2), Buzău, 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. 59506 formerly, 18741 (having a total surface area of 64,256 sq m) located on the beltway Simileasca (DN2), Buzău;
  - cadastral no. 59507 formerly, 18742 (having a total surface area of 70,231 sq m) located on the beltway Simileasca (DN2), Buzău;
  - cadastral no. 64699, having a surface area of 3,308 sq m, resulting from the division of the area holding cadastral no. 52858, formerly 344/1/15/2 (having a total surface area of 5.467 sq m) located at Str. Transilvaniei, 132, Buzău;
  - 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 at Str. Transilvaniei, 132, Buzău;
  - cadastral no. 52784, formerly 344/1/5 (having a total surface area of 7,659 sq m) located at Str. Transilvaniei, 132, Buzău;
  - cadastral no. 52768, formerly 344/1/7 (having a total surface area of 10,191 sq m) located at Str. Transilvaniei, 132, Buzău.
  - cadastral no. 54575, formerly 344/1/1 (having a total surface area of 9,814 sq m) located at Str. Transilvaniei, 132, Buzău;

2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzău Branch;
3. Mortgage over 70 machinery having a net book value of LEI 177.091 as at June 30, 2016;
4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with LivingJumbo Industry SA (except contract no. 161/28.01.2010), P.H. Bratpol Poland, Yugosac D.O.O.Serbia;
5. Mortgage over movable assets in the form of inventory having a maximum value of EUR 1.500.000;
6. Blank promissory note, with the mention “No Protest”;
7. LivingJumbo Industry SA as co-borrower.

**II. Credit line with a ceiling of EUR 2.500.000 for financing the company's general expenses, contracted from UniCredit Bank in accordance with the loan contract for general expenses, resulting from the conversion of the credit line granted for financing the purchase of raw materials from suppliers (required to execute the contract with Kasakrom Chemicals SRL).**

- Outstanding amount as at June 30, 2016: LEI 10.495.221 (equivalent of EUR 2.321.438)
- Due date: 04.07.2016
- Guarantees:
  1. Mortgage of subsequent rank over immovable assets (land + constructions) having a net book value as at June 30, 2016 of LEI 25.275.361, identified as follows:
    - cadastral no. 59505, formerly 18740 (having a total surface area of 3,933 sq m) located on the beltway Simileasca (DN2), Buzău, together with mortgage over the superficies right and the construction built by YENKI SRL holding 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. 59506, formerly 18741(having a total surface area of 64,256 sq m) located on the beltway Simileasca (DN2), Buzău;
    - cadastral no. 59507, formerly 18742 (having a total surface area of 70,231 sq m) located on the beltway Simileasca (DN2), Buzau;
    - cadastral no. 64699, having a surface area of 3,308 sq m, resulting from the division of the area holding cadastral no. 52858, formerly 344/1/15/2 (having a total surface area of 5,467 sq m) located at Str. Transilvaniei, 132, Buzău;
    - 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 at Str. Transilvaniei, 132, Buzău;
    - cadastral no. 54575, formerly 344/1/1 (having a total surface area of 9,814 sqm) located at Str. Transilvaniei, 132, Buzău
  2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzău Branch;
  3. Mortgage over 70 machinery having a net book value of LEI 177.091 as at June 30, 2016;
  4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with LivingJumbo Industry SA (except contract no. 161/28.01.2010), P.H. Bratpol Poland, Yugosac D.O.O.Serbia;
  5. Blank promissory note, with the mention “No Protest”;
  6. Assignment of the receivables, notified and accepted by Kasakrom Chemicals SRL Bucharest, Arpa SA Logistics Greece, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focșani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucharest, V&T Trade Ltd Sofia Bulgaria, clients of SC ROMCARBON SA, which are assigned debtors, with possibility of supplementing the security by other new contracts/relations that will be performed throughout the validity period of the facility.
  7. LivingJumbo Industry SA as co-borrower.

**III. Credit line contracted from BRD GSG in amount of EUR 2.550.000**

- Outstanding amount as at June 30, 2016: LEI 10.443.703 (equivalent of EUR 2.310.043)
- Due date: 30.09.2016
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2016 of LEI 11.930.217 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 6,505 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 at Strada Transilvaniei, nr. 132, Buzău;
    - 52788 (6778), 52861(6779), 52765 (6777), 61093-C1-U12 (2362/0;1), 61099-C1-U2 (1155/0;2) located at Bld.Unirii, Bl. E3-E4, Buzău having a total surface area of 287 sq m.
  2. Mortgage without dispossession over 31 machinery with a net book value of LEI 352.975 as at June 30,2016;
  3. Mortgage over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.

**As at June 30, 2016, the Company contracted the following long-term loans:****I. Investment loan (I) in amount of EUR 2.058.000 contracted from BRD GSG:**

- Outstanding amount as at June 30, 2016: LEI 3.959.242 (equivalent of EUR 875.745)
- Due date: 01.03.2018
- Guarantees:
  1. Mortgage over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.
  2. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2016 of LEI 10.243.257 identified as follows: 54589(formerly 344/1/13/2) in total surface area of 2,534 mp; 64708 in total surface area of 10.077 mp resulting from the division of the area holding cadastral no. 52809(formerly 344/1/15/1); 54304(formerly 13994) in total surface area of 16.787 mp;
  3. Mortgage without dispossession over 18 machinery having a net book value of LEI 17.351.096 as at June 30, 2016;
  4. Mortgage over the credit balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch.

**II. Investment loan (II) in amount of EUR 1.000.000 (partly drawn) contractated from BRD GSG.**

- Outstanding amount as at June 30, 2016: LEI 3.117.762 LEI(equivalent of EUR 689.618)
- Due date: 03.09.2022
- Guarantees:
  1. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.
  2. Mortgage over the balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch.
  3. Mortgage over the equipment purchased by using this credit with an estimated value of EUR 1.400.000 (without VAT)

**III. Investment loan (III) in amount of EUR 3.153.160 contractated from BRD GSG.**

- Outstanding amount as at June 30, 2016: LEI 11.370.407 (equivalent of EUR 2.515.020)
- Due date: 03.02.2022
- Guarantees:
  1. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.
  2. Mortgage over the balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch.
  3. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2016 of LEI 13.006.593 and a total surface of 34.605 sq m, identified by the following

cadastral numbers: 61517 with a surface area of 16,818 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 by Romcarbon SA with its partners, which total an annual EUR 3.300.000.

**IV. Investment loan for the purchase of equipment and financing and re-financing of construction and the arrangements of production halls in amount of LEI 6.142.500 contracted from Banca de Export-Import a Romaniei Eximbank SA (partly drawn).**

- Outstanding amount as at June 30, 2016: 5.670.868 LEI
- Due date: 20.06.2022
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2016 of LEI 4.766.338 and a total surface of 23.243 sq m, indentified with the following cadastral numbers: 52853 with a surface area of 1,323 sq m, 52837 with a surface area of 1,907 sq m, 54576 with a surface area of 380 sq m, 54588 with a surface area of 4,882 sq m, 54558 with a surface area of 152 sq m, 54430 with a surface area of 1,320 sq m, 60631 with a surface area of 911 sq m, 64035 with a surface area of 601 sq m, 55996 with a surface area of 242 sq m and 56197 with a surface area of 56197 sq m;
  2. Mortgage over the equipment purchased by using this credit;
  3. Mortgage over current accounts in LEI and foreign currency opened with EximBank SA by Romcarbon SA;
  4. Blank promissory note, with the mention "No Protest".

**V. Investment loan to co-fund project "Development of Romcarbon SA" in amount of EUR 2.967.420 contracted from UniCredit Bank SA:**

- Outstanding amount as at June 30, 2016: LEI 13.415.705 (equivalent of EUR 2.967.420)
- Due date: 04.12.2023
- Guarantees:
  1. Mortgage over the equipment purchased in project "Development of Romcarbon SA" having a net book value of LEI 31.031.383 as at June 30,2016;
  2. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

**LivingJumbo Industry S.A.**

**I. Credit line contracted from BRD GSG within the limit of EUR 1.500.000**

- Outstanding amount as at June 30, 2016: LEI 3.990.368 (equivalent of EUR 882.630)
- Due date: 30.09.2016
- Guarantees:
  1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of EUR 463.600;
  2. Mortgage over the balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch;
  3. Assignment of amounts received based on the commercial contracts concluded with clients in amount of minimum EUR 3.936.299 in 2015 and EUR 4.461.299 in 2016.

**II. Long-term loan contracted from BRD GSG at an initial value of EUR 645,000 (partly drawn)**

- Outstanding amount as at June 30, 2016: LEI 1.594.435 (equivalent of EUR 352.673)
- Due date: 07.07.2022
- Guarantees:
  1. Mortgage without dispossession over the machinery forming the object of the investment;
  2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch.

**III. Long-term loan contracted from UniCredit Bank SA at an initial value of EUR 607,200 (partly drawn)**

- Outstanding amount as at June 30, 2016: LEI 1.276.297 (equivalent of EUR 282.304)
- Due date: 15.02.2024
- Guarantees:
  1. Mortgage of subsequent rank over the real estate held by SC Romcarbon SA located in Buzau, Simileasca beltway(cadastral no. 59507 Land Registry no 59507 (formerly Land Registry no. 35485, formerly cadastral no. 18742), cadastral no. 59506 Land Registry no 59506 (formerly Land Registry no 35484, formerly cadastral no. 18741), cadastral no. 59505 Land Registry no 59505 (formerly Land Registry no 35483, formerly cadastral no. 18740));
  2. Mortgage of subsequent rank over the real estate held by S.C YENKI S.R.L located in Buzău municipality, Șoseaua Nordului - DN2, Buzău county, consisting of building C1 – industrial and urban building, erected in 2010 based on construction permit no. 137/06.08.2010 issued by the Buzău City Hall, in surface area according to measurements of 85 sq m, registered in Land Registry under no. 59505-C1 of the Buzău City, bearing cadastral/topographical no. 59505-C1, located on the land owned by ROMCARBON S.A. (which established a right of superficies in favour of YENKI SRL) and over the related right of superficies and over all future buildings, improvements, annexes and all further improvements of the real estate, present or future rents or leases produced by the real estate and payments made under the guarantee/insurance contracts of any kind related to and in connection with the payment of such rents or leases.
  3. Mortgage over the accounts and sub-accounts opened in LEI and foreign currency with UniCredit Bank SA;
  4. Guarantors: SC Romcarbon SA and S.C YENKI S.R.L.

**IV. 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 drawn)**

- Outstanding amount as at June 30, 2016: LEI 20.461.221 (equivalent of EUR 4.425.818)
- Due date: 15.02.2024
- Guarantees:
  1. The machinery funded, the estimated value, without VAT, EUR 8.867.855; the assignment of the insurance policy of the machinery purchased out of the loan to UniCredit Bank SA, which will be the sole beneficiary of the policy;
  2. Mortgage over the accounts and sub-accounts opened in LEI or foreign currency with UniCredit Bank SA;

**23. OTHER CURRENT LIABILITIES**

	<b>Curent</b>	
	<b>June 30, 2016</b>	<b>December, 31 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Liabilities to employees	1.456	1.128
Liabilities related social contributions	1.148	1.057
VAT payable	889	252
Income tax	18	
Tax on salaries	436	421
Other taxes payable	156	6
Other non-trade liabilities	-	-
Interest payable	-	-
<b>Total</b>	<b>4.104</b>	<b>2.864</b>



## 24. TRADE AND OTHER LIABILITIES

	June 30, 2016	December 31, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	33.074	32.262
Suppliers invoices not received	1.017	1.021
Amounts received in advanced from clients	506	1.438
Sundry creditors (a)	4.532	3.086
<b>Total</b>	<b>39.129</b>	<b>37.808</b>

(a) Sundry debtors include LEI 370 thousand, which represents borrowings from natural and legal person shareholders, most of which to be repaid in 2016 (see note 27).

## 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	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Present value of finance lease payments</b>				
Amounts due within one year	1.718	1.796	1.662	1.718
More than one year, but less than 5 years	543	1.405	527	1.275
<b>Total lease liabilities</b>	<b>2.261</b>	<b>3.201</b>	<b>2.189</b>	<b>2.993</b>
Less future finance expenses	(72)	(208)		
Present value of finance lease payments	2.189	2.993		
<b>Included in the financial statements as:</b>				
Short-term borrowings	1.662	1.718		
Long-term borrowings	527	1.275		

## **26. DEFERRED REVENUES**

As at December 30, 2016, investment subsidies received by the Group amounted to LEI 41.227 thousand, as follows:

- Romcarbon SA – LEI 23.439 thousand, of which LEI 9.267 thousand for the project “Modernization of the company by purchasing new technologies in production, reshaping, rehabilitation and extension of existing production facilities” not transferred to income and LEI 14.108 thousand related to project “Development of S.C. ROMCARBON S.A. through the purchase of new equipment”.
- LivingJumbo Industry SA – LEI 17.788 thousand LEI, of which LEI 17.056 thousand related to investment project “Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment” and LEI 732 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 liabilities.

### **(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, analyzing 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 the interest rate risk related to cash flow.

### **(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.



**27. FINANCIAL INSTRUMENTS (continued)**

**(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 floating rate borrowings.

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

**(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

**27. FINANCIAL INSTRUMENTS (continued)****(j) Fair value of financial instruments (continued)**

- 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.

**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:

2016	EUR	USD	Leu	June 30, 2016
	1EUR= LEI 4,5210	1USD= LEI 4,0624	1 LEI	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash and cash equivalents	1.390	-	7.931	9.321
Receivables and other current assets	7.939	14	33.887	41.840
<b>LIABILITIES</b>				
Trade and other liabilities	11.566	1.164	30.504	43.233
Short and long-term borrowings	5.671	94.838		100.508
Short and long-term finance lease liabilities	2.189			2.189
<b>2015</b>				
	EUR	USD	Leu	31-decembrie - 2015
	1EUR= LEI 4,5245	1USD= LEI 4,1477	1 LEI	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash and cash equivalents	3.358	61	13.594	17.014
Receivables and other current assets	8.212	86	48.388	56.686
Other current assets			2.004	2.004
<b>DATORII</b>				
Trade and other liabilities	12.188	44	25.575	37.808
Other current liabilities			2.846	2.846
Short and long-term borrowings	77.571		46.171	123.741
Short and long-term finance lease liabilities	2.904		89	2.993

## 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 against the relevant foreign currencies. 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 period.

	<u>June 30, 2016</u>	<u>December, 31 2015</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Loss	(9.477)	(12.673)

**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.

2016	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Non-interest bearing instruments</b>				
Trade liabilities and other current liabilities	43.233	-	-	43.233
<b>Interest bearing instruments</b>				
Short and long-term borrowings	46.886	10.006	43.616	100.508
Short and long-term leases	1.662	527		2.189
<b>Non-interest bearing instruments</b>				
Cash and cash equivalents	9.321	-	-	9.321
Receivables and other current assets	-	-	-	-

2015	<u>Less than 1 Year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Non-interest bearing instruments</b>				
Trade liabilities and other current liabilities	40.672	-	-	40.672
<b>Interest bearing instruments</b>				
Short and long-term borrowings	69.203	10.268	44.270	123.742
Short and long-term leases	1.720	1.102	171	2.993
<b>Non-interest bearing instruments</b>				
Cash and cash equivalents	17.014	-	-	17.014
Receivables and other current assets				

**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 LEI:

<u>Company</u>	<u>Conterparty</u>	<u>Sales 6 Months of 2016</u>	<u>Receivables June 30,2016</u>	<u>Credit limit</u>	<u>Credit days</u>
ROMCARBON	KASAKROM CHEMICALS SRL	20.951.747	10.584.013	NU	max 105 days
ROMCARBON	DEDEMAN SRL BACAU PH BRATPOL JERZY BRATKOWSKI POLONIA - EUR	2.560.548	1.659.929	NU	90
ROMCARBON	PRODINGER oHG	2.214.022	874.469	NU	75
ROMCARBON	COMANDOR IMPEX SRL FOCSANI	2.127.903	176.350	NU	30
ROMCARBON	FOCSANI	1.631.195	249.330	NU	30
LIVINGJUMB O INDUSTRY	BAOBAG	6.124.332	1.520.843	NU	60
LIVINGJUMB O INDUSTRY	EXPERGO BUSINESS NETWORK SRL	6.119.013	2.103.422	NU	60
LIVINGJUMB O INDUSTRY	CIECH SODA ROMANIA S.A.	2.043.601	364.024	NU	30
LIVINGJUMB O INDUSTRY	THRACE-IPOMA SA	1.720.093	478.714	NU	30
LIVINGJUMB O INDUSTRY	ZPH IZOMER JOZEF KOLASA	1.722.986	661.858	NU	60

**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:

	<u>June 30, 2016</u> <i>thousand LEI</i>	<u>June 30, 2015</u> <i>thousand LEI</i>
Management salaries	1.822	1.587
Benefits for Board of Administration	262	306
<b>Total</b>	<b>2.084</b>	<b>1.893</b>

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

**Shareholder borrowings**

	<u>June 30, 2016</u> <i>thousand LEI</i>	<u>December, 31 2015</u> <i>thousand LEI</i>
WU HUI TZU (Living Jumbo Industry SA)	18	18
WINPACK INDUSTRY (Eco Pack Management SRL)	350	365
(Greensort Recycling SRL)	2	2
<b>Total</b>	<b>370</b>	<b>385</b>

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30,2016

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

*Related party transactions*  
*(all amounts are expressed in thousand LEI)*

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related parties	
	6 Months 2016	6 Months 2015	6 Months 2016	6 Months 2015	June 30, 2016	Dec 31, 2015	June 30, 2016	Dec 31, 2015
GREENFIBER INTERNATIONAL SA	1.456	1.335	100	99	439	479	24	52
GREENTEH DOO SERBIA	122	102	-	-	29	-	-	-
GRINTEH D.O.O MACEDONIA	80	-	-	-	5	-	-	-
GREENGLASS RECYCLING SA	1	45	1.099	86	-	1	241	-
GREENTECH SA	3.270	912	626	647	692	725	220	108
TOTAL WASTE MANAGEMENT	555	460	1.189	204	98	132	1.378	205
GREENWEEE INTERNATIONAL SA	375	204	561	683	37	104	234	220
GREENLAMP RECICLARE SA	4	5	-	-	-	3	-	-
<b>TOTAL</b>	<b>5.863</b>	<b>3.062</b>	<b>3.575</b>	<b>1.720</b>	<b>1.301</b>	<b>1.444</b>	<b>2.096</b>	<b>585</b>

**29. ACQUISITION OF SUBSIDIARIES**

In 2016 The Group has not acquire new subsidiaries.

**30. DISPOSAL OF SUBSIDIARIES**

In 2016 the Group has not alienated any of its subsidiaries.

**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>June 30, 2016</b>	<b>31 decembrie 2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash at banks	9.257	16.977
Cash on hand	64	30
Cash equivalents	-	7
<b>Total</b>	<b>9.321</b>	<b>17.014</b>

**32. INVESTMENT PROPERTY**

<b>Investment property</b>	<b>30/06/2016</b>	<b>31/12/2015</b>
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	31.196	31.196
Buildings	12.899	12.603
<b>Total</b>	<b>44.095</b>	<b>43.799</b>

The Parent company holds non-current fixed assets (land and buildings) located in Iași, Ștefănești and Buzău in amount of LEI 44.095 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, plant and equipment in Iași were reclassified to investment property as at December, 31 2015 and June 30, 2016 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, 2015, the Company valued investment property and the result of the valuation, in amount of LEI 2.502 thousand (loss), was registered to profit or loss account. As at June 30, 2016 the Company hasn't evaluated the "Investment property".

If the Company had valued the investments at cost, their value as at December 31, 2015 would have been LEI 43.305 thousand.

**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.

**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**

In July 2016, the Company signed with UniCredit Bank SA the addendums to the credit contracts for prolongation the availability of the credit with 12 months, i.e. July 2017. In these credit contracts LivingJumbo Industry SA is co-borrower.

In July 2016, the Company signed with UniCredit Bank SA a long term loan (the final maturity : July 2023) in amount of LEI 3.200 thousands for financing the aquisition of an asset (land+construction) in a surface of 1.312,48 sqm including a construction of 1.504,48 sqm located in Iasi, 27-29 Calea Chisinaului.



**34. SUBSEQUENT EVENTS (continued)**

**SC LivingJumbo Industry SA**

- Cession of the shares held by S.C LIVINGJUMBO INDUSTRY S.A in S.C NEXT ECO RECICLYNG S.A' s capital, representing 70% of its capital, to S.C WINPACK INDUSTRY S.R.L.;
- Completion of the company object of activity with a new activity, Collection of non-hazardous waste (NACE code 3811).

**Recyplat LTD**

Starting with July 04, 2016 the interest held by Recyplat LTD in Romgreen Universal Limited's capital decreased from 25% to 17.58% as a result of non-participation to the Romgreen capital increase.

**35. APPROVING THE FINANCIAL STATEMENTS**

The consolidated financial statements were authorized by the Board of Administration for issuance on August 26, 2016.

**PREPARED BY,**

**HUNG CHING LING,  
CHAIRMAN OF THE BOARD**

**VIORICA ZAINESCU,  
CHIEF FINANCIAL OFFICER**

**RADU ANDREI,  
CHIEF EXECUTIVE OFFICER**

*For signatures, please refer to the original Romanian version.*



# S.C. ROMCARBON S.A.



## COMPANY IDENTIFICATION

**Half Year report according with CNVM regulation (1/2006)**

**Date of release:** 30.08.2016

**Reporting date:** 30.06.2016

**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**

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

## DECLARATION OF THE MANAGEMENT

### Undersigners

**Hung Ching Ling, Chairman of the Board,**

**Andrei Radu, Chief Executive Officer,**

**Zainescu Viorica Ioana, Chief Financial Officer,**

Declare that the Consolidated Financial Statements for the period ended June, 30 2016 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 CNVM requirements, gives a true and fair view of the activity of ROMCARBON SA and its subsidiaries.

**Chairman of the Board,**

**Hung Ching Ling**

**CEO : Andrei Radu**

**CFO :Zainescu Viorica Ioana**

***For signatures, please refer to the original Romanian version.***

## **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.

## THE ACTIVITY OF THE GROUP OF COMPANIES

SC ROMCARBON SA Buzau holds directly and/or indirectly participation interests in the capital of 14 companies:

Company	30/06/2016		Consolidation method
	Interest held	Control held	
RECYPLAT LTD CIPRU	100.00%	100.00%	Fully consolidation
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%	Fully consolidation
RC ENERGO INSTALL SRL	99.50%	99.50%	Fully consolidation
ECO PACK MANAGEMENT SA	25.36%	99.24%	Fully consolidation
INFOTECH SOLUTIONS SRL	99.00%	99.00%	Fully consolidation
LIVINGJUMBO INDUSTRY SA	99.00%	99.00%	Fully consolidation
NEXT ECO RECYCLING SA	69.30%	69.30%	Fully consolidation
GRINFILD LLC UCRAINA	62.62%	62.62%	Fully consolidation
GRINRUH LLC UCRAINA	62.62%	62.62%	Fully consolidation
GREENSORT RECYCLING SRL	51.00%	51.00%	Fully consolidation
ASOCIATIA ECOLOGICA GREENLIFE	44.84%	44.84%	Equity method
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	4.81%	4.81%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area

SC ROMCARBON SA holds through Recyplat LTD and Romgreen Universal LTD participation interests in the capital of the following subsidiaries:

Company	30/06/2016	
	Interest held	Control held
ROMGREEN UNIVERSAL LTD CIPRU	25.00%	25.00%
GREENLAMP RECICLARE SA	25.00%	25.00%
GREENWEEE INTERNATIONAL SA	19.10%	19.10%
GREENWEEE INTERNATIONAL HUNGARY KFT	19.10%	19.10%
GREENTECH SA	17.56%	17.56%
GREENGLASS RECYCLING SA	17.50%	17.50%
GREENFIBER INTERNATIONAL SA	16.96%	16.96%
GREENTECH DOO SERBIA	15.26%	15.26%
GREENTECH RECYCLING DEUTSCHLAND GMBH	16.96%	16.96%
GREENTECH DOO MACEDONIA	15.17%	15.17%
GREENFIBRA HELLAS	10.17%	10.17%
TOTAL WASTE MANAGEMENT SRL (TBM)	17.53%	17.53%

## PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN THE FIRST SEMESTER OF 2016

Main items registered by the parent company and its subsidiaries in the reporting period:

Nr.Crt.	Items [KRON]	30.06.2015	31.12.2015	30.06.2016
1	Revenues (Net sales)*	104,478	213,491	124,604
2	Total revenues	114,495	233,323	136,230
3	Total expenses	108,673	224,752	133,979
4	Net profit of the year	5,822	8,570	2,249
5	Net profit attributable to the parent company	5,836	8,521	2,416

Note \* Rental and royalty income are comprised in the item "Investment income".

## PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at June,30 2016 the company holds directly or through other subsidiaries, participating interests in the following entities:

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

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, with a share capital of lei 110,138, 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.

RC ENERGO INSTALL S.R.L. is a company established in 2005, with a share capital of lei 2,000, where S.C. Romcarbon S.A. holds 100%. 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).

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, 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.

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 Data processing, web hosting and related activities (NACE code 6311).

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 natural 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 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, with a share capital of lei 4,426,809, where SC Romcarbon SA indirectly holds through Grinfild 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.

GREENSORT RECYCLING SRL is a company established in 2012, with a share capital of lei 40,000, where SC Romcarbon SA directly holds 51.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located in Bucharest, Sector 1, Intrarea Dr. Iacob Felix, nr. 59, bl. A1, Sc. A, Ap. 30, Cam.1. The company's main object of activity is – NACE code 3832 - Recovery of sorted materials.

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 25.00% 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).

NEXT ECO RECICLYNG SA is a company established in 2011, with a share capital of lei 400,200 where S.C. Romcarbon S.A. holds indirectly through LivingJumbo Industry SA 69.30% 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 main object of activity of the company is Other business support service activities n.e.c. (NACE code 8299). The Group acquired such company in December 2015.

“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

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 124,583, where SC Romcarbon SA indirectly holds 25.00% of the shares through Recyplat LTD Cyprus. The company's main office is located in Akropoleos, 59-61, 3<sup>rd</sup> floor, office 301, Nicosia, 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 RECICLARE S.A. is a company established in 2010, with a share capital of lei 3,199,770, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 24.99%, 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 through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 19.10% of the shares and the remaining shares are held by foreign natural and legal persons. 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 7,533, where SC Romcarbon SA indirectly holds 19.10% through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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 through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.56% of the shares and the remaining shares are held by Romanian and foreign 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).

GREENFIBER INTERNATIONAL SA is a company established in 2004, with a share capital of lei 35,250,000, where SC Romcarbon SA indirectly holds, through RECYPLAT LTD Cyprus and Romgreen Universal LTD, 16.96% of the shares, and the remaining shares are held by Romanian and foreign legal and natural persons. 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, where SC Romcarbon SA indirectly holds 15.26% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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, where SC Romcarbon SA indirectly holds 16.96% of the shares through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD. 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.

GRINTEH MK DOO MACEDONIA is a company established in 2007, with a share capital of lei 3,238,205, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 15.17% 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.

GREENFIBRA HELLAS is a company established in 2008, with a share capital of lei 390,470, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 10.17% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Greece, Kilki unit, Kilki city, Kilki Industrial Area. The company's main object of activity is Recycling of scraps and non-metallic 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 share capital is lei 2,110,900. 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 17.56% of the share capital through RECYPLAT LTD Cyprus, ROMGREEN UNIVERSAL LTD and GREENTECH SA.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds through RECYPLAT LTD Cyprus and ROMGREEN UNIVERSAL LTD 17.50% 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)



## ACTIVITY OF THE GROUP OF COMPANIES

### PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2016:

RECYPLAT LTD CYPRUS – Director – Nicos Avraamides  
RC ENERGO INSTALL SRL – CEO Banucu Ileana  
ECO PACK MANAGEMENT SA – CEO Ionescu Adin,  
INFO TECH SOLUTIONS SRL - CEO Hristache Cornel  
LIVINGJUMBO INDUSTRY SA – CEO Manaila Carmen  
GRINFILD LLC UCRAINA – CEO Perepelitea Olena Ivanivna  
GRINRUH LLC UCRAINA— CEO Iulia Golets  
GREENSORT RECYCLING SRL – Administrator Dorin Mihai and Stefanescu Bogdan-Marius  
YENKI SRL – Administrator Petre Romeo Florinel  
ROMCARBON DEUTSCHLAND GmbH – Administrator - Ms. Csilla Orban  
NEXT ECO RECICLYNG SA – CEO Stan Ionut

ROMGREEN UNIVERSAL LTD CYPRUS – Directors – Nicos Avraamides, Christopher James Hyslop, Natalie Gureghian, Anna Dracou, Irene Pipera  
GREENLAMP RECICLARE S.A. – CEO Hung,Ching-Ling  
GREENGLASS RECYCLING SA – CEO Costache Iulian Marius  
GREENWEEE INTERNATIONAL SA – CEO Hung,Ching-Ling  
GREENWEEE INTERNATIONAL HUNGARY KFT - Managing Director - Costache Iulian Marius  
TOTAL WASTE MANAGEMENT SRL – Sole Administrator CRISTEA CONSTANTIN  
GREENTECH SA CEO Hung,Ching-Ling  
GREENFIBER INTERNATIONAL SA – CEO Hung,Ching-Ling  
GREENTECH RECYCLING DEUTSCHLAND GMBH - Administrator- Ms. Csilla Orban  
GREENTECH DOO SERBIA – CEO – Mihail Mateski  
GRINTEH MK DOO MACEDONIA – CEO – Mihail Mateski  
GREENFIBRA HELLAS – CEO - Ioannis Tolis

### ANALYSIS OF THE ACTIVITY OF THE GROUP OF COMPANIES

The contribution of the subsidiaries to the consolidated net profit of the Group in the 1<sup>st</sup> Semester of 2016 is presented in the table below:

Company	Net profit/loss (KRON)	Attributable to parent company	Attributable to NCI
Romcarbon SA	2,300	2,300	0
Living Jumbo Industry SA	-905	-896	-9
RC Energo Install SRL	1,068	1,068	0
Infotech Solutions SRL	158	157	2
Grinfild Ucraina	0	0	0
Grinruh Ucraina	0	0	0
Recyplat Ltd Cipru	-145	-145	0
Romcarbon Deutschland GmbH	-40	-40	0
Eco Pack Mangement SA	-687	-682	-5
Greensort Recycling SRL	0	0	0
Next Eco Reciclyng SA	-503	-349	-154

Consolidation adjustments	1,006	1,006	0
<b>Total</b>	<b>2,251</b>	<b>2,418</b>	<b>-167</b>

Note: Consolidation adjustments include the elimination of dividends received or to be received from LivingJumbo Industry SA, RC Energo Install SRL and Info Tech Solutions SRL, the elimination of intra-group transactions, the share of profit of associates (Romgreen, Yenki).

## ANALYSIS OF THE FINANCIAL STATEMENTS

### A.) STATEMENT OF FINANCIAL POSITION

KRON						
Items	30.06.2015	31.12.2015	30.06.2016	2016 vs. 2015		
Property, plant and equipment	130,819	197,495	198,214	719	▲	0.36%
Investment property	46,322	43,799	44,095	296	▲	0.68%
Goodwill	143	143	143	0	—	0.00%
Other intangible assets	481	435	505	70	▲	16.09%
Investments in associates	26,106	26,978	29,086	2,108	▲	7.81%
Other non-current financial assets	197	197	197	0	—	0.00%
<b>Total non-current Assets</b>	<b>204,069</b>	<b>269,047</b>	<b>272,241</b>	<b>3,194</b>	<b>▲</b>	<b>1.19%</b>
Inventories	23,865	28,049	30,021	1,972	▲	7.03%
Trade and other receivables	43,045	56,686	40,712	-15,974	▼	-28.18%
Other current assets	2,438	2,004	1,127	-877	▼	-43.76%
Cash and bank balances	11,772	17,014	9,321	-7,693	▼	-45.22%
<b>Total Current Assets</b>	<b>81,121</b>	<b>103,753</b>	<b>81,182</b>	<b>-22,571</b>	<b>▼</b>	<b>-21.76%</b>
<b>Total Assets</b>	<b>285,190</b>	<b>372,801</b>	<b>353,423</b>	<b>-19,377</b>	<b>▼</b>	<b>-5.20%</b>
Issued capital	26,412	26,412	26,412	0	—	0.00%
Share premium	2,182	2,182	2,182	0	—	0.00%
Reserves	44,182	43,248	43,232	-16	▼	-0.04%
Retained earnings	74,096	77,870	78,155	285	▲	0.37%
Equity attributable to equity holders of the parent	146,873	149,712	149,981	269	▲	0.18%
Minority interest	2,020	1,400	1,206	-194	▼	-13.86%
<b>Total Equity</b>	<b>148,893</b>	<b>151,112</b>	<b>151,187</b>	<b>75</b>	<b>▲</b>	<b>0.05%</b>
Borrowings [Long-term]	21,904	54,538	53,622	-916	▼	-1.68%
Long term finance leases and other interest bearing obligations	2,097	1,275	527	-748	▼	-58.67%
Deferred tax liabilities	11,042	11,143	11,143	0	—	0.00%
Non-current provisions	8	8	3,819	3,811	▲	47637.50%
Deferred income	11,396	43,107	41,227	-1,880	▼	-4.36%
<b>Total non-current liabilities</b>	<b>46,447</b>	<b>110,071</b>	<b>110,339</b>	<b>268</b>	<b>▲</b>	<b>0.24%</b>
Trade and other payables	39,056	37,808	39,129	1,321	▲	3.49%
Borrowings [Short-term]	46,144	69,203	46,886	-22,317	▼	-32.25%
Short term finance leases and other interest bearing obligations	1,704	1,719	1,662	-57	▼	-3.32%
Deferred revenue	48	24	116	92	▲	383.33%
Other current liabilities	2,898	2,864	4,104	1,240	▲	43.30%
<b>Total Current liabilities</b>	<b>89,849</b>	<b>111,617</b>	<b>91,898</b>	<b>-19,720</b>	<b>▼</b>	<b>-17.67%</b>
<b>Total liabilities</b>	<b>136,297</b>	<b>221,688</b>	<b>202,236</b>	<b>-19,453</b>	<b>▼</b>	<b>-8.78%</b>
<b>Total Equity and Liabilities</b>	<b>285,190</b>	<b>372,801</b>	<b>353,423</b>	<b>-19,378</b>	<b>▼</b>	<b>-5.20%</b>

The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2016 is presented in the table below.

Company [KRON]	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	218,158	56,211	66,427	77,758
LivingJumbo Industry SA	48,177	18,596	39,955	14,075
RC Energo Install SRL	277	3,502	2	1,737
InfoTech Solutions SRL	34	562	0	281
Grinfield Ucraina	4,427	8	0	879
Grinruh Ucraina	1,122	1,001	0	6
Recyplat Limited Cipru	23,813	891	0	14
Romcarbon Deutschland GmbH	0	7	5	13
Eco Pack Management SA	379	378	79	1,226
Greensort Recycling SRL	0	40	0	2
Next Eco Recycling SA	306	6,451	3,870	2,963
Consolidation adjustments	-24,453	-6,466	0	-7,057
<b>Total</b>	<b>272,241</b>	<b>81,182</b>	<b>110,339</b>	<b>91,898</b>

#### NON-CURRENT ASSETS

In the 1st Semester of 2016 Non-currents assets hold 77.03% of the Group's assets, recording an increase of 3,194 KRON, i.e. 1.19%, as compared with the beginning of the year.

Non-current assets	30.06.2016	% in total NCA	% in total Assets	30.06.2016 vs.31.12.2015
Property, plant and equipment	198,214	72.81%	56.08%	0.36%
Investment property	44,095	16.20%	12.48%	0.68%
Goodwill	143	0.05%	0.04%	0.00%
Other intangible assets	505	0.19%	0.14%	16.09%
Investments in associates	29,086	10.68%	8.23%	7.81%
Other non-current financial assets	197	0.07%	0.06%	0.00%
<b>Total</b>	<b>272,241</b>	<b>100.00%</b>	<b>77.03%</b>	<b>1.19%</b>

#### CURRENT ASSETS

**Current assets** hold 22.97% of total assets recording a decrease of 22,571 KRON, i.e. 21.76 % as compared with the beginning of the year.

Current asstes	30.06.2016	% in total CA	% in total Assets	2016 vs.2015
Inventories	30,021	36.98%	8.49%	7.03%
Trade and other receivables	40,712	50.15%	11.52%	-28.18%
Other current assets	1,127	1.39%	0.32%	-43.76%
Cash and bank balances	9,321	11.48%	2.64%	-45.22%
<b>Total</b>	<b>81,182</b>	<b>100.00%</b>	<b>22.97%</b>	<b>-21.76%</b>

#### LIABILITIES

**Total Liabilities** hold 57.22% of the Group's Equity&Liabilities recording a decrease of 19,453 KRON, i.e. 8.78%, as compared with the beginning of the year.

**Non-current Liabilities** registered an increase of 268 KRON as compared with the beginning of the year, i.e. 0.24%, holding 54.56% of the Total Liabilities and 31.22% of the Total Equity&Liabilities(TEL).

<b>Non-current liabilities</b>	<b>30.06.2016</b>	<b>% in NCL</b>	<b>% in Total Liabilities</b>	<b>% in TEL</b>	<b>2016 vs.2015</b>
Borrowings [Long-term]	53,622	48.60%	26.51%	15.17%	-1.68%
Long term finance leases and other interest bearing obligations	527	0.48%	0.26%	0.15%	-58.67%
Deferred tax liabilities	11,143	10.10%	5.51%	3.15%	0.00%
Non-current provisions	3,819	3.46%	1.89%	1.08%	47637.50%
Deferred income	41,227	37.36%	20.39%	11.67%	-4.36%
<b>Total</b>	<b>110,339</b>	<b>100.00%</b>	<b>54.56%</b>	<b>31.22%</b>	<b>0.24%</b>

**Current liabilities of the Group** representing 45.44% of the total Liabilities and 26% of Total Equity&Liabilities(TEL), registered a decrease of 19,720 KRON as compared with the beginning of the year, i.e. 17.67%, have the following structure :

<b>Current liabilities</b>	<b>30.06.2016</b>	<b>% in CL</b>	<b>% in Liabilities</b>	<b>% in TEL</b>	<b>2016 vs.2015</b>
Trade and other payables	39,129	42.58%	19.35%	11.07%	3.49%
Borrowings [Short-term]	46,886	51.02%	23.18%	13.27%	-32.25%
Short term finance leases and other interest bearing obligations	1,662	1.81%	0.82%	0.47%	-3.32%
Deferred revenue	116	0.13%	0.06%	0.03%	383.33%
Other current liabilities	4,104	4.47%	2.03%	1.16%	43.30%
<b>Total</b>	<b>91,897</b>	<b>100.00%</b>	<b>45.44%</b>	<b>26.00%</b>	<b>-17.67%</b>

As at 30.06.2016 the loans contracted by The Group have the following structure :

➤ Short term loans amounting 46,886 KRON have the following structure:

<b>Company</b>	<b>Type</b>	<b>31.12.2015</b>	<b>30.06.2016</b>
LivingJumbo Industry SA	Investment loan in Euro [2015]-BRD	0	145
LivingJumbo Industry SA	Credit line in Euro – BRD	1,712	3,990
LivingJumbo Industry SA	Bridge loan in Euro- Project CCE 2015 - UniCredit Bank SA	18,079	0
LivingJumbo Industry SA	Investment loan - Project CCE 2015 - UniCredit Bank SA	0	961
LivingJumbo Industry SA	Investment loan in Euro [2015]-UniCredit Bank SA	0	61
Romcarbon SA	Credit line in Euro – BRD	9,742	10,444
Romcarbon SA	Credit line in Euro – UniCredit Bank SA	14,137	14,713
Romcarbon SA	Credit line in Euro – UniCredit Bank SA	10,213	10,495
Romcarbon SA	Investment loan in Euro -BRD [I]	2,377	2,376
Romcarbon SA	Investment loan in Euro -BRD [II]	47	189
Romcarbon SA	Investment loan in Euro -BRD [III]	2,038	2,036
Romcarbon SA	Investment loan in lei - Eximbank SA	255	945
Romcarbon SA	Investment loan in Euro - Project CCE 2015 - UniCredit Bank SA	0	531
Romcarbon SA	Bridge loan in Euro - Proiect CCE 2015 - UniCredit Bank SA	9,384	0
Romcarbon SA	VAT facility in lei - Proiect CCE 2015 - UniCredit Bank SA	1,220	0
<b>Total</b>		<b>69,203</b>	<b>46,886</b>

➤ Long term loans amounting 53,622 KRON have the following structure:

<b>Societate</b>	<b>Tip Imprumut</b>	<b>31.12.2015</b>	<b>30.06.2016</b>
LivingJumbo Industry SA	Investment loan in Euro [2015]-BRD	1,210	1,449
LivingJumbo Industry SA	Investment loan in Euro [2015]-UniCredit Bank SA	871	1,216

LivingJumbo Industry SA	Investment loan - Project CCE 2015 - UniCredit Bank SA	20,025	19,501
Romcarbon SA	Investment loan in Euro -BRD [I]	2,774	1,584
Romcarbon SA	Investment loan in Euro -BRD [II]	3,073	2,929
Romcarbon SA	Investment loan in Euro -BRD [III]	10,360	9,334
Romcarbon SA	Investment loan in lei - Eximbank SA	2,800	4,726
Romcarbon SA	Investment loan in Euro - Project CCE 2015 - UniCredit Bank SA	13,426	12,884
<b>Total</b>		<b>54,538</b>	<b>53,622</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, security mortgage on current bank accounts, receivables assignments.

EQUITY holding 42.78% of Total Liabilities&Equity, amounts 151,187 KRON, out of which 1,206 KRON represents the Non-Controlling interest. The Equity registered an increase of 75 KRON, i.e. 0.05%, as compared with the beginning of the year.

### B.) STATEMENT OF COMPREHENSIVE INCOME

	KRON			
	HY.2015	HY.2016	2016 vs.2015	
Revenue	104,478	124,604	▲	20,126
Other income	688	1,879	▲	1,191
Investment income	949	916	▼	33
Other gains and losses	110	-383	▼	493
Changes in inventories of finished goods and work in progress	4,150	3,287	▼	863
Raw materials and consumables used	-73,043	-75,874	▲	2,831
Depreciation and amortization expense	-4,234	-7,254	▲	3,020
Employee salaries expenses and social security	-19,807	-24,148	▲	4,341
Finance costs	-1,078	-1,733	▲	655
Other expenses	-7,677	-20,017	▲	12,340
Share of profit of associates	2,111	1,972	▼	139
<b>Profit before taxation</b>	<b>6,647</b>	<b>3,250</b>	<b>▼</b>	<b>3,397</b>
Profit tax	-825	-999	▲	174
<b>Profit/loss of the period(from operations), attributable to:</b>	<b>5,822</b>	<b>2,251</b>	<b>▼</b>	<b>3,571</b>
Owners of the parent company	5,836	2,416	▼	3,420
Non-controlling interests	-14	-167	▲	153
<b>Profit/loss of the period</b>	<b>5,822</b>	<b>2,250</b>	<b>▼</b>	<b>3,572</b>
Exchange difference on translating foreign operations	573	173	▼	400
<b>Comprehensive profit/loss, attributable to:</b>	<b>6,395</b>	<b>2,423</b>	<b>▼</b>	<b>3,972</b>
Owners of the parent company	6,127	2,613	▼	3,514
Non-controlling interests	268	-190	▼	458

### Revenues (Net Sales)

The participation of the consolidated subsidiaries in obtaining the item “Revenues (Net Sales)”, in the period ended June, 30 2016, is presented in the below table:

Company	HY 2015 [KRON]	% in total	HY 2016 [KRON]	% in total	2016 vs.2015
Romcarbon SA	87,297	71.36%	89,841	64.82%	2.91%

LivingJumbo Industry SA	29,902	24.44%	30,523	22.02%	2.08%
Next Eco Reciclyng SA	-	0.00%	13,206	9.53%	0.00%
RC Energo Install SRL	1,451	1.19%	3,959	2.86%	172.92%
Eco Pack Management SA	2,149	1.76%	56	0.04%	-97.40%
Info Tech Solutions SRL	757	0.62%	1,011	0.73%	33.63%
Taipei Cimeo SRL	35	0.03%	-	0.00%	-100.00%
Romcarbon Deutschland GmbH	742	0.61%	-	0.00%	-100.00%
<b>Total, out of which:</b>	<b>122,332</b>	<b>100.00%</b>	<b>138,595</b>	<b>100.00%</b>	<b>13.29%</b>
Within the group	17,854	14.59%	13,991	10.10%	-21.64%
Outside the group	104,478	85.41%	124,604	89.90%	19.26%

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

Revenues [KRON]	HY 2015	% in total	HY 2016	% in total	2016 vs.2015
Sales of finished goods (701+709)	71,178	68%	77,806	62%	9.31%
Sales of intermediary goods	9,181	9%	7,080	6%	-22.88%
Sales of residual products	10	0%	3	0%	-69.62%
Services rendered	3,273	3%	16,591	13%	406.82%
Sales of goods purchased for resale	20,338	19%	22,596	18%	11.10%
Revenues from sundry services	497	0%	527	0%	5.93%
<b>Total</b>	<b>104,478</b>	<b>100%</b>	<b>124,603</b>	<b>100%</b>	<b>19.26%</b>

### C.) FINANCIAL RATIOS

In the reporting period the Group registered the following ratios.

Indicator	30.06.2015	31.12.2015	30.06.2016
Net profit	5,822	8,571	2,251
Profit tax (+)	825	271	999
Expenses with interests (+)	845	1,997	1,512
<b>EBIT</b>	<b>7,492</b>	<b>10,839</b>	<b>4,762</b>
Depreciation(+)	4,234	8,640	7,254
Revenues from subsidies for investment (-)	688	1,388	1,879
<b>EBITDA</b>	<b>11,038</b>	<b>18,092</b>	<b>10,136</b>

#### 1 Profitability

Indicator	Formula	30.06.2015	31.12.2015	30.06.2016
a) EBITDA to Revenues	$\frac{\text{EBITDA}}{\text{Revenues}} \times 100$	10.57%	8.47%	8.13%
b) EBITDA to Equity	$\frac{\text{EBITDA}}{\text{Equity}} \times 100$	7.41%	11.97%	6.70%
c) Gross profit ratio	$\frac{\text{Gross profit}}{\text{Revenues}} \times 100$	6.36%	4.14%	2.61%

#### 2 Liquidity Analysis

Indicator	Formula	30.06.2015	31.12.2015	30.06.2016
a) Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.90	0.93	0.88
b) Quick ratio	$\frac{\text{Current assets}-\text{Inventories}}{\text{Current liabilities}}$	0.64	0.68	0.56

#### 3 Risk Analysis



	Indicator	Formula	30.06.2015	31.12.2015	30.06.2016
a)	Non-current liabilities to Equity	Non-current liabilities	0.31	0.73	0.73
		Equity			
b)	Interest coverage ration	EBIT	8.87	5.43	3.15
		Interest expense			

#### 4 Activity Analysis

	Indicator	Formula	30.06.2015	31.12.2015	30.06.2016
a)	Account receivable turnover ratio	Average receivable balance x No. of days	66	76	70
		Revenues			
b)	Account payable turnover ratio	Average payables balance x No. of days	64	61	56
		Revenues			

#### 5 Profitability ratios

	Indicator	Formula	30.06.2015	31.12.2015	30.06.2016
a)	Return on assets (ROA)	Net profit x 100	2.04%	2.30%	0.64%
		Total Assets			
b)	Return on equity (ROE)	Net profit x 100	3.91%	5.67%	1.49%
		Equity			
c)	Return on sales (ROS)	Net profit x 100	5.57%	4.01%	1.81%
		Turnover			

#### D.)STATEMENT OF CASH FLOW

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

	HY 2015	Year 2015	HY 2016
Cash generated from operations ( A )	-2,593	6,920	13,712
Net cash (used in)/generated by investing activities( B )	-14,945	-72,005	4,823
Net cash generated/used by/in financing activities ( C )	8,664	61,453	-26,228
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)</b>	<b>-8,874</b>	<b>-3,632</b>	<b>-7,693</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>20,646</b>	<b>20,646</b>	<b>17,014</b>
The impact on cash of the exchange difference on translating foreign operations	0	0	0
Cash from subsidiaries aquisitions	0	0	0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>11,772</b>	<b>17,014</b>	<b>9,321</b>

\*  
\* \*

The semestrial report regarding the Consolidated Financial Statements was prepared in accordance with the requirements of the art.227 of the Law no.297/2004 and presents only the novelty elements

which weren't included in the separate semestrial report as it resulted from the consolidation process of the Romcarbon financial statements and of its subsidiaries.

**Please note that the Consolidated Financial Statements as at June, 30 2016 have not been audited.**

**Chairman of the Board,  
Hung Ching Ling**

**CEO : Andrei Radu  
CFO :Zainescu Viorica Ioana**

*For signatures, please refer to the original Romanian version.*