



S.C. ROMCARBON S.A.

Half-Year report regarding the Consolidated Financial Statements
for the period ended June 30, 2020

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S.C. ROMCARBON S.A.

COMPANY IDENTIFICATION

Half-Year report according with FSA regulation no. 5/2018

Date of release: 28.08.2020

Reporting date: 30.06.2020

Name of the Company: SC ROMCARBON SA

Headquarters: 132 Transilvaniei street, Buzau

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

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

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

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

LANGUAGE DISCLAIMER

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

MANAGEMENT DECLARATION**Undersigners**

**Huang Liang Neng, Chairman of the Board and General Manager,
Manaila Carmen, Deputy General Manager for Administrative Operations,
Zainescu Viorica Ioana, Financial Manager,**

declare that the Consolidated Financial Statements for the period ended June 30, 2020 prepared in accordance with IFRS, give, to the best of our knowledge, a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with FSA requirements, gives a true and fair view of the activity of ROMCARBON SA and its subsidiaries.

Chairman of the Board and General Manager,

Huang Liang Neng

Financial Manager,

ec. Zainescu Viorica Ioana

Deputy General Manager for Administrative Operations,

Manaila Carmen

ACTIVITY OF THE GROUP OF COMPANIES

As of June 30, 2020, SC ROMCARBON SA Buzau holds directly and/or indirectly participation interests in the capital of 12 companies:

Company	30/06/2020		Consolidation method
	Interest held	Control held	
RECYPLAT LTD CIPRU	100.00%	100.00%	Global
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	100.00%	100.00%	Global
ECO PACK MANAGEMENT SA	25.36%	99.88%	Global
INFOTECH SOLUTIONS SRL	99.00%	99.00%	Global
LIVINGJUMBO INDUSTRY SA	99.86%	99.86%	Global
GRINFILD LLC UCRAINA	62.62%	62.62%	Global
GRINRUH LLC UCRAINA	62.62%	62.62%	Global
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	1.95%	1.95%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area
PROJECT ADVICE SRL	0.01%	0.01%	Outside the consolidation area

As of June 30, 2020, The Group holds indirectly participation interests in the capital of the following companies:

Company	30/06/2020	
	Interest held	Control held
ROMGREEN UNIVERSAL LTD CIPRU	17.5879%	17.5879%
GREENWEEE INTERNATIONAL SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL HUNGARY KFT	17.5879%	17.5879%
GREENTECH SA	17.5875%	17.5875%
GREENGLASS RECYCLING SA	12.3116%	12.3116%
GREENFIBER INTERNATIONAL SA	17.4682%	17.4682%
GREENTECH DOO SERBIA	15.7214%	15.7214%
GREENTECH RECYCLING DEUTSCHLAND GMBH	17.4682%	17.4682%
GREENTECH DOO MACEDONIA	15.6288%	15.6288%
TOTAL WASTE MANAGEMENT SRL	17.4811%	17.4811%
GREEN RESOURCES MANAGEMENT S.A.	11.7256%	11.7256%
GREENTECH BALTIC UAB LITUANIA	17.5875%	17.5875%
ASOCIATIA ECOLOGICA GREENLIFE	17.5479%	17.5479%
EKOLUMI s.r.o	14.0700%	14.0700%
ELTEX RECYCLING SRL	17.5879%	17.5879%

These companies were included in consolidated financial statements using the equity method.

PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN THE FIRST SEMESTER OF 2020**PRESENTATION OF THE GROUP'S COMPANIES**

As at June 30, 2020 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD is a company established in 2011, having a share capital of Lei 112,532 (EUR 26,000) wholly owned by SC Romcarbon SA. The company's main office is located in Akropeleas, 59-61, 3rd 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, having a share capital of Lei 110,138 (EUR 25,000) wholly owned by S.C. Romcarbon S.A. The company's main office is located in Bergisch Gladbach, Germany. The company's main object of activity is trade with plastic finished products, recycling of plastic materials and purchase of plastic waste. As at the date of these financial statements, the company is under voluntary liquidation.

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

ECO PACK MANAGEMENT SA is a company established in 2010, with a share capital of lei 1,446,000, where SC Romcarbon SA directly holds 25.36% and 74.62% indirectly. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzau, 132 Transilvaniei street, Building PSI, room 6. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299).

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

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, with a share capital of lei 5,644,800, where S.C. Romcarbon S.A. holds 99.86% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

GRINFILD LLC UKRAINE is a company established in 2007, with a share capital of lei 4,312,062, where SC Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale. The company ceased its activity in 2012.

GRINRUH LLC UKRAINE is a company established in 2007, with a share capital of lei 4,426,809, where SC Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale. The company ceased its activity in 2012.

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

PROJECT ADVICE SRL is a company established in 2010, having a share capital of lei 92,500, out of which SC Romcarbon SA indirectly holds 0.01%. The company's main office is located in 132 Transilvaniei street, Administrative building, room 24, 2nd floor, Buzau. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities. On 30.06.2020, the Group sold 9,249 out of 9,250 company's shares.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 177,858 (EUR 39,800), where SC Romcarbon SA indirectly holds 17.5879% of the shares through Recyplat LTD Cyprus. The company's main

office is located in 2 Prodromou & Dimitrakopoulou, 5th floor, 1090, Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

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

In May 2020, SC Romcarbon SA resigned from its membership in this association, the place being taken over by SC Greenweee International SA. After this change, the indirect ownership of Romcarbon SA in the association is 17.55%.

GREENWEEE INTERNATIONAL SA is a company established in 2007, with a share capital of lei 28,827,300, where SC Romcarbon SA indirectly holds 17.5879% of the shares. The company's main office is located in Buzău, Comuna Tintesti, Str. Ferma Frasinu. The company's object of activity is Dismantling of wrecks for materials recovery (NACE code 3831).

On 31.12.2019 GREENWEEE INTERNATIONAL SA (absorbing company) merged with GREENLAMP RECICLARE S.A. (absorbed company). As a result of the merger process, the share capital of GREENWEEE INTERNATIONAL SA increased from lei 26,212,300 to lei 28,827,300 , issuing 26,150 new shares with a nominal value of lei 100.

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

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

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

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

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

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

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's share capital is lei 19,442,580. The company's main office is located in Buzău, Str. Alea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.4811% of the share capital.

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

GREEN RESOURCES MANAGEMENT is a company established in 2016, having a share capital of lei 400,000 where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in Bucharest, sector 2, Barbu Vacarescu 164A Barbu Vacarescu street, etaj 3, within Building C3 – Office Building, room 18-22. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299).

GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 17.5875%. The company's main office is located in Vilnius, Sandeliu g.16. The company's share capital is lei 8,444,696 (EUR 1,852,500). The company's object of activity is commercial, economic, financial and industrial activity.

EKOLUMI s.r.o is a company established in 2010 where SC Romcarbon SA indirectly holds 14.07% and the remaining shares are held by foreign natural persons. The company's share capital is lei 17,829,227 (EUR 3,705,000). The company's main office is located in Slovakia, Partizánska cesta 4634, Banská Bystrica. The company's object of activity is collection of non-hazardous waste (NACE code 3811).

ELTEX RECYCLING SRL is a company established in 2014 having a share capital of lei 50,000 where SC Romcarbon SA indirectly holds 17.5879%. The company's main office is located in Oradea, 5 Octavian Goga street. The company's object of activity is Treatment and disposal of non-hazardous waste (NACE code 3821)

ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE MANAGEMENT OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in H1 2020:

ROMCARBON SA – General manager – Huang Liang Neng
 RECYPLAT LTD CIPRU – Director – Nicos Avraamides
 RC ENERGO INSTALL SRL – General manager Duca Eugen Florin
 ECO PACK MANAGEMENT SA –Sole director Ionescu Adin
 INFO TECH SOLUTIONS SRL- General manager Hristache Cornel
 LIVINGJUMBO INDUSTRY SA – General manager WU,HUI-TZU
 PROJECT ADVICE SRL – Sole director Wei Jiann Shyang
 GRINFILD LLC UCRAINA – Without activity since 2012
 GRINRUH LLC UCRAINA- Without activity since 2012
 YENKI SRL – Director Petre Romeo Florinel
 ROMCARBON DEUTSCHLAND GmbH- trustee in bankruptcy Franz Fassbender
 ROMGREEN UNIVERSAL LTD CIPRU – Nicos Avraamides, Constantinos Chiotis, Grzegorz Adam Piejka, Nicolaos Koronis, Paulina Anna Pietkiewicz
 GREENGLASS RECYCLING SA –General manager Costache Iulian Marius
 GREENWEEE INTERNATIONAL SA – General manager Costache Iulian Marius
 GREENWEEE INTERNATIONAL HUNGARY KFT -Managing Director - Costache Iulian Marius
 TOTAL WASTE MANAGEMENT SRL – Directors - Damov Constantin, Stanculescu Adrian, Enache Pommer Matei
 GREENTECH SA General manager Genes Alina Elena
 GREENFIBER INTERNATIONAL SA – General manager Genes Alina Elena
 GREENTECH RECYCLING DEUTSCHLAND GMBH - trustee in bankruptcy Franz Fassbender
 GREENTECH DOO SERBIA– General manager – Mihail Mateski
 GRINTEH MK DOO MACEDONIA – General manager – Mihail Mateski si Sofia Mateska
 GREEN RESOURCES MANAGEMENT S.A – General manager – Ionescu Adin
 GREENTECH BALTIC UAB LITUANIA – Director VLADAS VENSUKUTONIS
 EKOLUMI s.r.o – Directors – Michal Figur, Lukas Cierny
 ELTEX RECYCLING SRL – Directors – Marin Georgian Ionut, Bartha Zoltan, Costache Marius Iulian

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

Nr.Crt.	Indicator [KRON]	2018	2019	2020
1	Revenues (Net sales)	128,475	121,794	126,910
2	Total revenues	140,829	132,391	133,644
3	Total expenses	139,622	133,555	135,285
4	Net Profit of the Year	1,207	(1,164)	(1,642)
5	Profit attributable to the Parent Company	1,235	(1,144)	(1,644)

ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in H1 2020 is presented in the table below:

Company	Result 2019	Result 2020	2020 vs 2019
Romcarbon SA	25	(36)	(61)
Living Jumbo Industry SA	(2,004)	112	2,115
RC Energo Install SRL	36	335	299
Infotech Solutions SRL	58	9	(50)
Grinfild Ucraina	-	-	-
Grinruh Ucraina	-	-	-
Recyplat Ltd Cipru	(9)	(2)	8
Romcarbon Deutschland GmbH	-	-	-
Eco Pack Management SA	(48)	289	337
Project Advice SRL	(12)	-	12
Consolidation adjustments	789	(2,348)	(3,138)
Total	(1,164)	(1,642)	(478)

Note: Consolidation adjustments include the elimination of intra-group transactions, the shareholders' profit share (Romgreen, Yenki).

FINANCIAL STATEMENTS

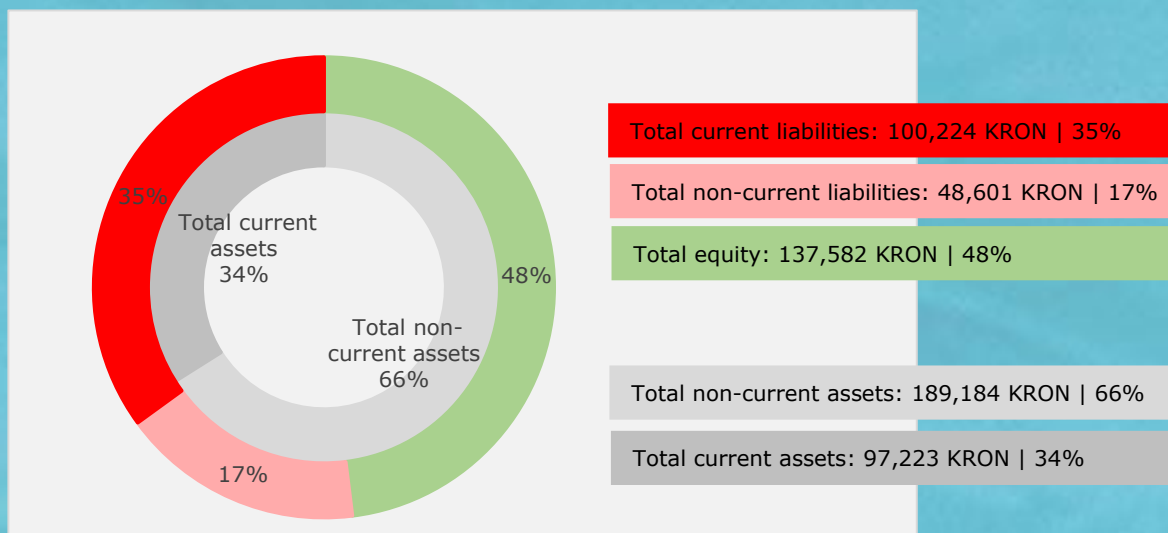
A.) STATEMENT OF THE FINANCIAL POSITION

KRON

Indicator	30/06/19	31/12/19	30/06/20	2020 vs. 2019		
Property, plant and equipment	164,440	157,094	150,504	-6,590	▼	-4.19%
Investment property	18,034	13,432	13,425	-7	▼	-0.05%
Goodwill	143	143	143	0	—	0.00%
Other intangible assets	355	308	465	157	▲	50.97%
Investments in associates	27,610	27,034	24,450	-2,584	▼	-9.56%
Financial assets	197	197	197	0	—	0.00%
Total non-current assets	210,779	198,208	189,184	-9,024	▼	-4.55%
Inventories	40,124	45,929	40,031	-5,898	▼	-12.84%
Assets classified as held for sale	15,608	6,873	2,577	-4,296	▼	-62.51%
Trade and other receivables	38,218	34,461	41,454	6,993	▲	20.29%
Other current financial assets	0	2,390	0	-2,390	▼	-100%
Other current assets	1,077	1,472	1,321	-151	▼	-10.26%
Cash and bank balances	5,528	9,764	11,840	2,076	▲	21.26%
Total current assets	100,555	100,889	97,223	-3,666	▼	-3.63%
Total assets	311,336	299,097	286,407	-12,690	▼	-4.24%
Issued capital	26,412	26,412	26,412	0	—	0.00%
Share premium	2,182	2,182	2,182	0	—	0.00%
Reserves	37,974	38,749	38,206	-543	▼	-1.40%
Retained earnings	73,324	71,310	69,872	-1,438	▼	-2.02%
Equity attributable to equity holders of the parent	139,892	138,654	136,672	-1,982	▼	-1.43%
Non-controlling interests	919	907	910	3	▲	0.33%
Total Equity	140,811	139,561	137,582	-1,979	▼	-1.42%
Borrowings [Long-term]	31,862	23,504	18,354	-5,150	▼	-21.91%
Long term finance leases and other interest bearing obligations	17	9	2	-7	▼	-77.78%
Deferred tax liabilities	8,897	8,364	8,364	0	—	0.00%
Non-current provisions	284	249	249	0	—	0.00%
Deferred revenue [Long-term]	25,292	23,507	21,632	-1,875	▼	-7.98%
Total non-current liabilities	66,352	55,633	48,601	-7,032	▼	-12.64%
Trade and other payables	41,566	35,231	32,835	-2,396	▼	-6.80%
Borrowings [Short-term]	53,904	60,411	58,785	-1,626	▼	-2.69%
Short term finance leases and other interest bearing obligations	15	15	15	0	—	0.00%
Deferred revenue [Short-term]	4,034	3,881	3,793	-88	▼	-2.27%
Other current liabilities	4,654	4,365	4,796	431	▲	9.87%
Total current liabilities	104,173	103,903	100,224	-3,679	▼	-3.54%
Liabilities	170,525	159,536	148,825	-10,711	▼	-6.71%
Equity and Liabilities	311,336	299,097	286,407	-12,690	▼	-4.24%

	2018	2019	2020
Average no. of employees	1,680	1,595	1,441

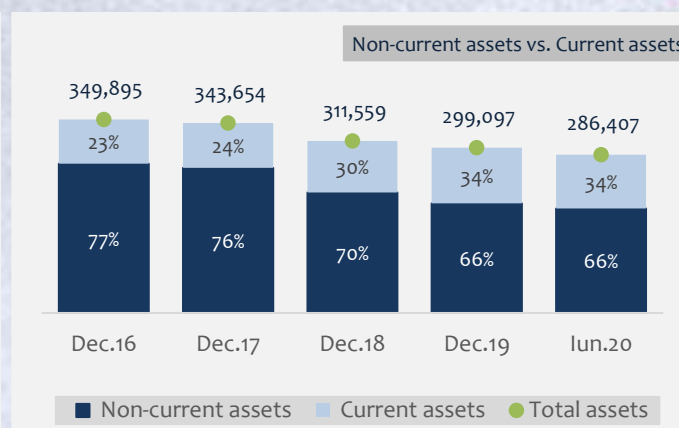
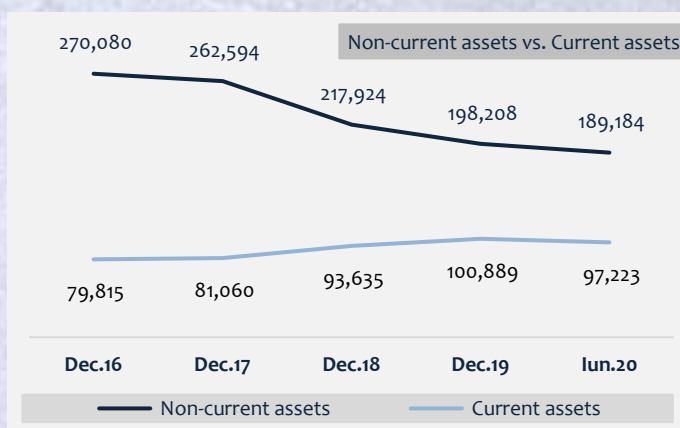
FINANCIAL POSITION



ASSETS

The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2020 is presented in the table below

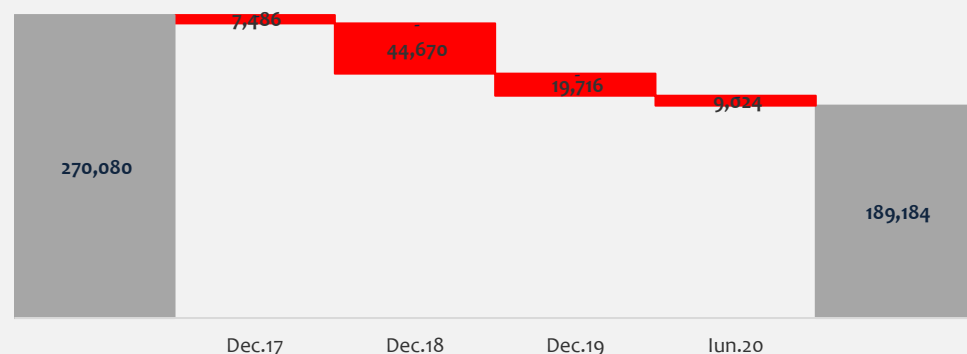
Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	159,005	79,899	29,923	71,962
LivingJumbo Industry SA	32,440	38,611	18,677	52,141
RC Energo Install SRL	304	6,058	0	2,292
InfoTech Solutions SRL	48	255	-3	118
Grinfeld Ucraina	4,427	9	0	879
Grinruh Ucraina	1,186	1,008	0	7
Recyplat Limited Cipru	20,608	6	0	12
Romcarbon Deutschland GmbH	0	9	3	27
Eco Pack Management SA	93	136	0	855
Consolidation adjustments	(28,927)	(28,767)	0	(28,071)
Total	189,184	97,223	48,601	100,224



NON-CURRENT ASSETS

Non-current assets have a weight in Total Assets of 66.05% recording a decrease of LEI 9,024 thousand, i.e. 4.55%, as compared with the beginning of the year.

Evolution of the item Total non-current assets in 2017-2020

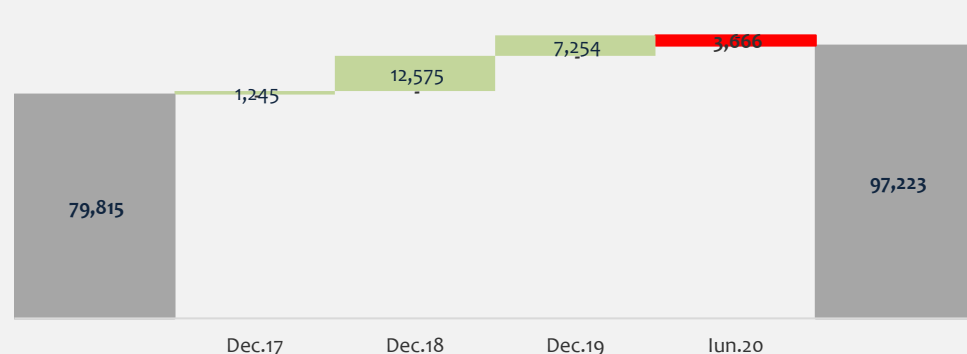


Non-current assets(NCA)	30/06/2020	% in total NCA	% in total Assets	30.06.20 vs. 31.12.19
Property, plant and equipment	150,505	79.55%	52.55%	-4.19%
Investment property	13,424	7.10%	4.69%	-0.05%
Goodwill	143	0.08%	0.05%	0.00%
Other intangible assets	465	0.25%	0.16%	50.97%
Investments in associates	24,450	12.92%	8.54%	-9.56%
Financial assets	197	0.10%	0.07%	0.00%
Total non-current assets	189,184	100.00%	66.05%	-4.55%

CURRENT ASSETS

Current assets have a weight in Total Assets of 33.95% recording a decrease of LEI 3,666 thousand, i.e. 3.63%, as compared with the beginning of the year.

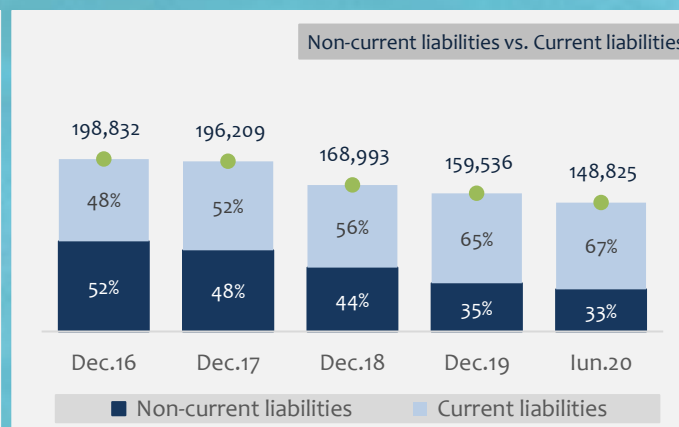
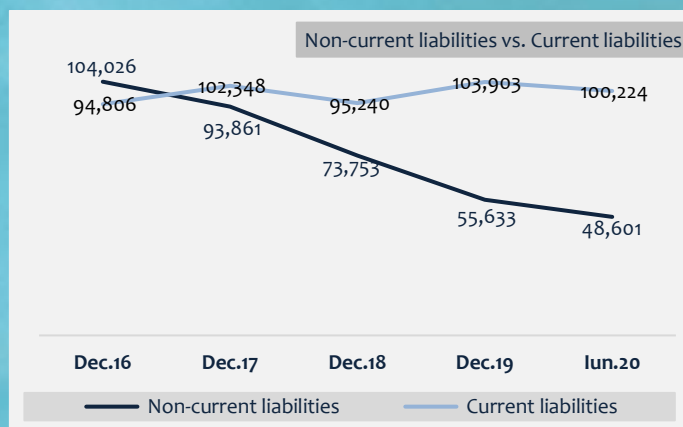
Evolution of the item Total current assets in 2017-2020



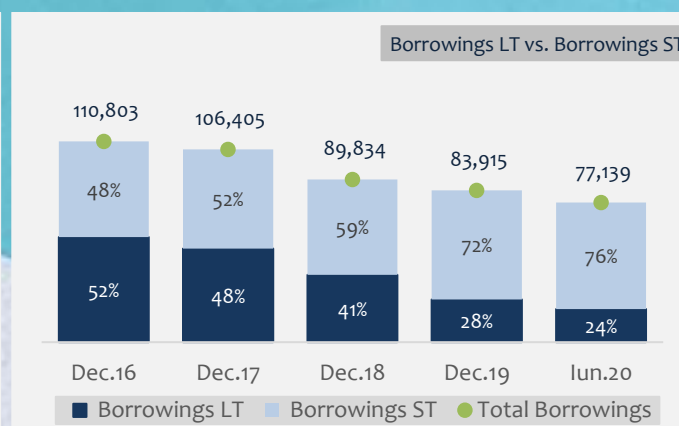
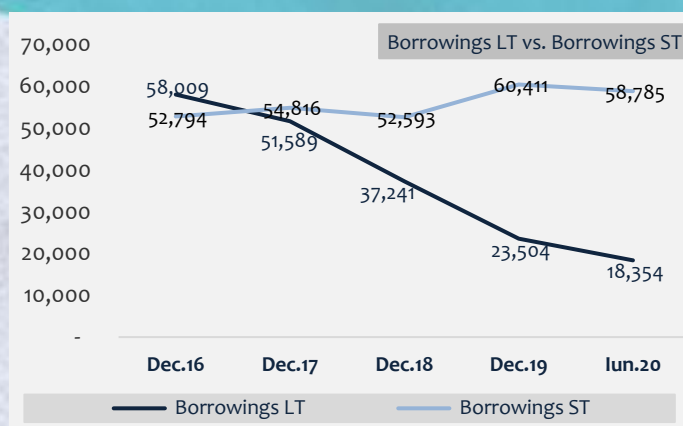
Current assets	30/06/2020	% in total CA	% in Total Assets	30.06.20 vs. 31.12.19
Inventories	40,031	41.17%	13.98%	-12.84%
Assets classified as held for sale	2,577	2.65%	0.90%	-62.51%
Trade and other receivables	41,454	42.64%	14.47%	20.29%
Other current financial assets	0	0.00%	0.00%	-100.00%
Other current assets	1,321	1.36%	0.46%	-10.26%
Cash and bank balances	11,840	12.18%	4.13%	21.26%
Total current assets	97,223	100.00%	33.95%	-3.63%

LIABILITIES

Total Liabilities hold 51.96% of the Group 's Equity&Liabilities recording a decrease of lei 10,711 thousand, i.e. 6.71% as compared with the beginning of the year.



BORROWINGS



Short-term borrowings have the following structure :

		KRON		
Company	Type	30/06/19	31/12/19	30/06/20
Livingjumbo Industry SA	Investment loan in euro-BRD [I]	59	59	60
Livingjumbo Industry SA	Credit line in euro – BRD	7,758	8,544	0
Livingjumbo Industry SA	Credit line in euro – EximBank SA	0	0	9,156
Livingjumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	3,195	3,225	3,267
Livingjumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	411	415	420
Livingjumbo Industry SA	Investment loan in euro-BRD [II]	510	514	521
Livingjumbo Industry SA	Credit line in euro – UniCredit Bank SA	1,799	0	0
Romcarbon SA	Credit line in euro – BRD	11,938	12,088	0
Romcarbon SA	Linie credit in euro – EximBank SA	0	0	12,176
Romcarbon SA	Credit line in euro – UniCredit Bank SA	20,264	25,298	25,290
Romcarbon SA	Investment loan in euro-BRD [II]	592	597	605
Romcarbon SA	Investment loan in euro-BRD [III]	747	754	764
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	2,060	2,079	2,106
Romcarbon SA	Investment loan in euro-UniCredit [I]	500	0	0
Romcarbon SA	Investment loan in euro-UniCredit [II]	306	306	306

Company	Type	30/06/19	31/12/19	30/06/20
Romcarbon SA	Investment loan in euro-UniCredit [III]	535	540	547
Romcarbon SA	Investment loan in euro-UniCredit [IV]	1,078	1,548	608
Romcarbon SA	Investment loan in euro-UniCredit [V]	532	1,241	0
Romcarbon SA	Investment loan in lei I - Eximbank SA	1,024	1,024	1,024
Romcarbon SA	Investment loan in lei II - Eximbank SA	597	597	597
RC Energo Install SRL	Credit line - Eximbank SA	0	332	586
RC Energo Install SRL	Credit for current activity - Eximbank SA	0	1,250	750
Total		53,904	60,411	58,785

Long-term borrowings have the following structure :

KRON				
Company	Type	30/06/19	31/12/19	30/06/20
Livingjumbo Industry SA	Investment loan in euro-BRD [I]	78	49	20
Livingjumbo Industry SA	Investment loan in euro-BRD [II]	1,062	814	565
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	865	666	465
Livingjumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	10,780	9,268	7,757
Romcarbon SA	Investment loan in euro-BRD [II]	1,381	1,095	807
Romcarbon SA	Investment loan in euro-BRD [III]	1,183	817	446
Romcarbon SA	Investment loan in euro-UniCredit [I]	1,540	0	0
Romcarbon SA	Investment loan in euro-UniCredit [II]	383	230	77
Romcarbon SA	Investment loan in euro-UniCredit [III]	669	405	137
Romcarbon SA	Investment loan in euro-UniCredit [IV]	1,617	608	304
Romcarbon SA	Investment loan in euro-UniCredit [V]	975	0	0
Romcarbon SA	Investment loan in lei I - Eximbank SA	2,048	1,536	1,024
Romcarbon SA	Investment loan in lei II - Eximbank SA	1,492	1,194	895
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	7,789	6,822	5,859
Total		31,862	23,504	18,354

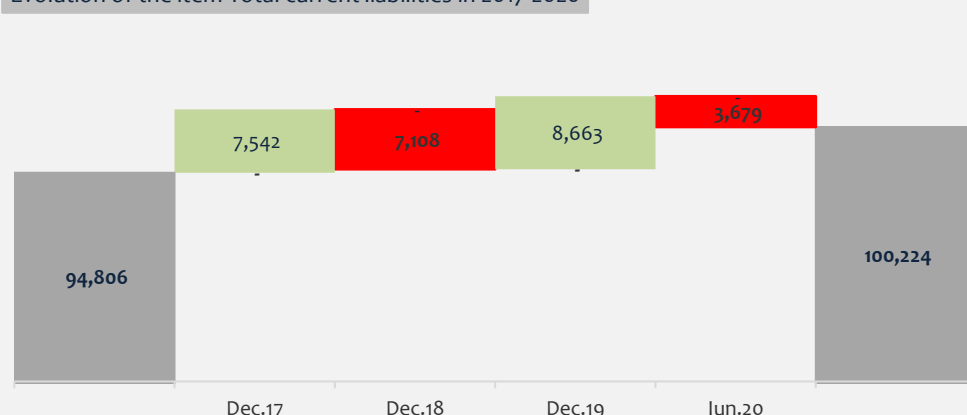
The installments of the investment loans due within 12 months are recognized as Short term loans.

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

CURRENT LIABILITIES

Current liabilities of the Group have a weight in Total Liabilities of 67.34% and in Total Equity and Liabilities of 34.99% recording a decrease of LEI 3,679 thousand, i.e. 3.54%, as compared with the beginning of the year.

Evolution of the item Total current liabilities in 2017-2020



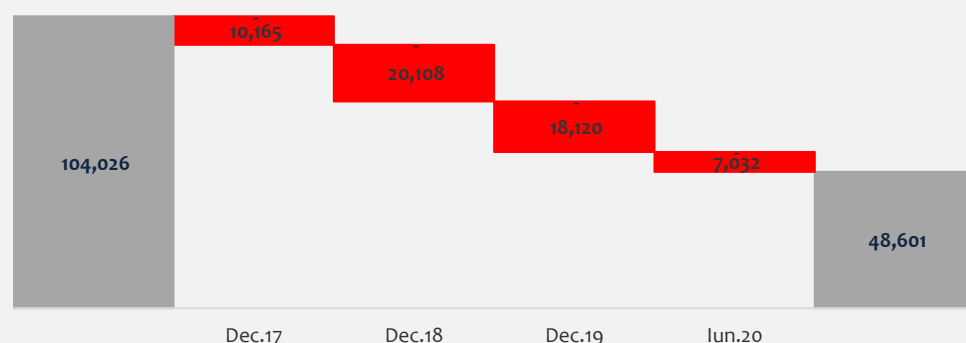
Current liabilities	30/06/2020	% in total liabilities	% in Total current liabilities	% in Total liabilities and Equity	30.06.20 vs. 31.12.19
Trade and other payables	32,835	22.06%	32.76%	11.46%	-6.80%
Borrowings [Short-term]	58,785	39.50%	58.65%	20.52%	-2.69%
Short term finance leases and other interest bearing obligations	15	0.01%	0.01%	0.01%	0.00%
Deferred revenue	3,793	2.55%	3.78%	1.32%	-2.27%
Other current liabilities	4,796	3.22%	4.79%	1.67%	9.87%
Total current liabilities	100,224	67.34%	100.00%	34.99%	-3.54%

NON-CURRENT LIABILITIES

Non-current liabilities

have a weight in Total Equity and Liabilities of 16.97% recording a decrease of LEI 7,032 thousand, i.e. 12.64%, as compared with the beginning of the year.

Evolution of the item Total non-current liabilities in 2017-2020

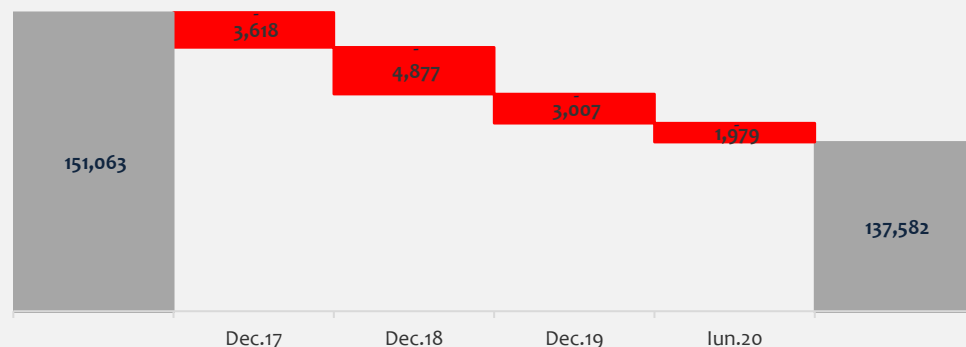


Non-current liabilities	30/06/2020	% in total liabilities	% in Total current liabilities	% in Total liabilities and Equity	30.06.20 vs. 31.12.19
Borrowings [Long-term]	18,354	12.33%	37.76%	6.41%	-21.91%
Long term finance leases and other interest bearing obligations	2	0.00%	0.00%	0.00%	-77.78%
Deferred tax liabilities	8,364	5.62%	17.21%	2.92%	0.00%
Non-current provisions	249	0.17%	0.51%	0.09%	0.00%
Deferred income	21,632	14.54%	44.51%	7.55%	-7.98%
Total non-current liabilities	48,601	32.66%	100.00%	16.97%	-12.64%

EQUITY

The Equity have a weight in Total Equity and Liabilities of 48.04% recording a decrease of LEI 1,979 thousand, i.e. 1.42%, as compared with the beginning of the year.

Evolution of the item Total equity in 2017-2020



Equity	30/06/2020	30.06.20 vs. 31.12.19
Issued capital	26,412	0.00%
Share premium	2,182	0.00%
Reserves	38,206	-1.40%
Retained earnings	69,872	-2.02%
Equity attributable to equity holders of the parent	136,672	-1.43%
Non-controlling interests	910	0.33%
Total Equity	137,582	-1.42%

B.) STATEMENT OF COMPREHENSIVE INCOME

	6 Months of 2018	6 Months of 2019	6 Months of 2020	2020 vs.2019	
Revenue	128,475	121,794	126,910	▲	5,116 4%
Other income	2,008	2,076	1,908	▼	(168) -8%
Investment income	828	923	686	▼	(237) -26%
Raw materials and consumables used	(83,204)	(77,898)	(74,120)	▼	3,778 -5%
Changes in inventories of finished goods and work in progress	955	2,554	(1,254)	▼	(3,808) -149%
Employee benefits expenses and social charges	(32,428)	(33,783)	(34,533)	▲	(750) 2%
Operational expenses	(9,321)	(9,132)	(9,375)	▲	(243) 3%
Depreciation and amortisation expenses	(8,255)	(8,154)	(7,727)	▼	427 -5%
Finance costs	(1,391)	(1,418)	(1,059)	▼	359 -25%
Other gains and losses	3,591	1,148	(641)	▼	(1,789) -156%
Share of profit / loss of associates	(33)	831	(2,308)	▲	(3,139) -378%
Profit (loss) before tax	1,225	(1,060)	(1,513)	▲	(453) 43%
Income tax expense	(18)	(104)	(129)	▲	(25) 24%
Profit (loss) of the year	1,207	(1,164)	(1,642)	▲	(478) 41%
Owners of the parent company	1,235	(1,144)	(1,644)	▲	(500) 44%
Non-controlling interests	(28)	(20)	2	▼	22 -110%
Profit/loss of the period	1,207	(1,164)	(1,642)	▲	(478) 41%
Exchange difference on translating foreign operations	(53)	1	(275)	▲	(276) -
Comprehensive profit/loss, attributable to:	1,154	(1,163)	(1,917)	▲	(754) 65%
Owners of the parent company	1,235	(1,143)	(1,919)	▲	(776) 68%
Non-controlling interests	(81)	(20)	2	▼	22 -110%

	6 Months of 2018	6 Months of 2019	6 Months of 2020	2020 vs.2019	
EBITDA Operational	5,208	4,326	8,367	▲	4,040 93%

C.) REVENUES

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

Company	H12018 [KRON]	% in total	H12019 [KRON]	% in total	H12020 [KRON]	% in total	2020 vs.2019
Romcarbon SA	100,366	68.25%	95,719	67.72%	89,316	60.25%	-6.69%
LivingJumbo Industry SA	42,974	29.22%	42,940	30.38%	55,296	37.30%	28.77%
RC Energo Install SRL	2,829	1.92%	2,129	1.51%	3,143	2.12%	47.61%
Eco Pack Management SA	-	0.00%	-	0.00%	-	0.00%	-
Info Tech Solutions SRL	886	0.60%	559	0.40%	493	0.33%	-11.84%
Total, out of which:	147,056	100.00%	141,348	100.00%	148,247	100.00%	4.88%
Within the group	18,581	12.64%	19,554	13.83%	21,337	14%	9.12%
Outside the group	128,475	87.36%	121,794	86.17%	126,910	86%	4.20%

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

Revenues (Net sales)	6 Months of 2018	% in total	6 Months of 2019	% in total	6 Months of 2020	% in total	2020 vs.2019
Sales of finished goods (701+709)	108,638	85%	104,686	86%	108,677	86%	3.81%
Sales of intermediary goods	6,858	5%	6,485	5%	7,138	6%	10.06%
Sales of residual products	208	0%	250	0%	146	0%	-41.71%
Services rendered	1,980	2%	1,193	1%	2,288	2%	91.74%
Sales of goods purchased for resale	10,442	8%	8,923	7%	8,340	7%	-6.53%
Revenues from sundry services	351	0%	256	0%	322	0%	25.85%
Total	128,475	100%	121,794	100%	126,910	100%	4.20%

D.)STATEMENT OF THE CASH-FLOW

	H1 2019	Year 2019	H1 2020
Cash generated from operations (A)	535	(5,710)	5,961
Net cash (used in)/generated by investing activities(B)	(724)	12,620	2,914
Net cash generated/used by/in financing activities (C)	(4,074)	(6,937)	(6,799)
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	(4,263)	(27)	2,076
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,791	9,791	9,764
The impact on cash of the exchange difference on translating foreign operations	0	0	0
Cash from subsidiaries acquisitions	0	0	0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,528	9,764	11,840

E.)FINANCIAL RATIOS

Indicator	Formula	2018	2019	2020
EBIT	Gross profit + Expenses with interests	2,444	76	(614)
EBITDA	EBIT + Depreciation-Subsidies for investment	8,691	6,154	5,203
Sales	Revenue + Rental and royalty income	129,301	122,713	127,589
EBITDA to sales ratio	EBITDA/Sales	6.72%	5.01%	4.08%
EBITDA to Equity ratio	EBITDA/Equity	5.85%	4.37%	3.78%
Gross profit margin	Gross profit/Sales	0.95%	-0.86%	-1.19%
Current ratio	Current assets/Current liabilities	0.83	0.97	0.97
Quick ratio	(Current assets-Inventories)/Current liabilities	0.52	0.58	0.57
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	58%	47%	35%
Total liabilities to Assets ratio	Total liabilities/Total Assets	57%	55%	52%
Interest coverage ratio	EBIT/Interest expenses	2.00	0.07	(0.68)
Account receivable turnover ratio	Average receivables/Sales (days)	53	50	54
Account payable turnover ratio	Average payables/Sales (days)	55	56	48
Return on assets (ROA)	Net profit/Assets	0.3877%	-0.3892%	-0.5733%
Return on equity (ROE)	Net profit/Equity	0.8572%	-0.8340%	-1.1935%
Return on sales (ROS)	Net profit/Sales	0.9335%	-0.9486%	-1.2869%

SHAREHOLDERS' STRUCTURE

As at 30.06.2020 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	Number of shares	% ownership
LIVING PLASTIC INDUSTRY S.R.L. loc. BUZAU jud. BUZAU	86,774,508	32.85%
JOYFUL RIVER LIMITED loc. NICOSIA CYP	54,195,089	20.52%
OTHER LEGAL ENTITIES	13,626,879	5.16%
INDIVIDUALS	109,525,620	41.47%
Total	264,122,096	100.00%

Evolution of the price of Romcarbon SA shares in the first 6 months of 2020.



Please note that the Consolidated Financial Statements for the period ended June 30, 2020 have not been audited.

Chairman of the Board and General Manager,

Huang Liang Neng

Financial Manager,

ec. Zainescu Viorica Ioana

Deputy General Manager for Administrative Operations,

Manaila Carmen

ROMCARBON SA AND SUBSIDIARIES

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

**Prepared in accordance with Ministry of Public Finance Order no. 2844/2016
for the approval of Accounting regulations conforming with International Financial
Reporting Standards as adopted by the European Union, with subsequent
amendments**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	Period ended June 30, 2020	Period ended June 30, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Income	3	126,910	121,794
Other income		1,908	2,076
Investment income	3	686	923
Raw materials and consumables used	4	(74,120)	(77,898)
Changes in finished products and production in progress		(1,254)	2,554
Employee salaries and social security	5	(34,533)	(33,783)
Operational expenses	6	(9,375)	(9,132)
Depreciation and amortization expense	8	(7,727)	(8,154)
Finance costs	9	(1,059)	(1,418)
Other gains and losses	7	(641)	1,148
Share of profit / loss of associates		(2,308)	831
Profit / (loss) before taxation		(1,513)	(1,060)
Income tax expense	10	(129)	(104)
Profit / (loss) for the year from operations		(1,642)	(1,164)
Profit / (loss) for the year		(1,642)	(1,164)
Attributable to:			
Owners of the parent		(1,644)	(1,144)
Non-controlling interests		2	(20)
From core operations:			
RON (cents per share)		(0,0062)	(0,004)
Average number of shares		264,122	264,122

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 27, 2020.

HUANG LIANG NENG,
Chairman of the Board
and General Manager

**PREPARED BY,
VIORICA ZAINESCU,**
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

For signatures, please refer to the original Romanian version.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	Period ended June 30, 2020 <i>thousand LEI</i>	Period ended June 30, 2019 <i>thousand LEI</i>
Comprehensive income			
Other comprehensive income subsequently transferred to profit or loss:			
Exchange differences on translating foreign operations		(275)	1
Increases from the revaluation of tangible assets			
Net losses on revaluation of property, plant and equipment			
Adjustment of deferred tax for fiscally non-deductible revaluation reserves			
Other comprehensive income subsequently transferrable to profit or loss:			
Exchange differences on translating foreign operations			-
Comprehensive income of the year			
Attributable to:			
Owners of the parent			-
Non-controlling interests			-
Total comprehensive income		(1,917)	(1,163)
Owners of the parent		(1,919)	(1,143)
Non-controlling interests		2	(20)

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 27, 2020.

HUANG LIANG NENG,
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And General Manager

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VIORICA ZAINESCU,**
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

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**CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	June 30, 2020	December 31, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	150,505	157,094
Investment property	33	13,424	13,433
Goodwill	12	143	143
Other intangible assets	13	465	308
Investment in associates	14	24,450	27,034
Financial assets	14	197	197
Total non-current assets		189,184	198,208
Current assets			
Inventories	15	40,031	45,929
Trade and other receivables	16	41,454	34,461
Other financial assets	18	0	2,390
Other current assets	17	1,321	1,472
Cash and bank balances	32	11,840	9,764
Assets held for sale	34	2,577	6,873
Total current assets		97,223	100,889
Total assets		286,407	299,097
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	19	26,412	26,412
Share premiums		2,182	2,182
Reserves	20	38,206	38,749
Retained earnings	21	69,872	71,310
Equity attributable to owners of the parent		136,672	138,654
Non-controlling interest	22	910	907
Total equity		137,582	139,561

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

**CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	June 30, 2020 <i>thousand LEI</i>	December 31, 2019 <i>thousand LEI</i>
Non-current liabilities			
Long-term borrowings	23	18,354	23,504
Finance lease liabilities	26	2	9
Deferred tax liabilities	10	8,364	8,364
Other non-current liabilities with provisions		249	249
Deferred income	27	21,632	23,507
Total non-current liabilities		48,601	55,633
Current liabilities			
Trade and other liabilities	25	32,835	35,231
Short-term borrowings	23	58,785	60,411
Finance leases	26	15	15
Deferred income	27	3,793	3,881
Other current liabilities	24	4,796	4,365
Total current liabilities		100,224	103,903
Total liabilities		148,825	159,536
Total equity and liabilities		286,407	299,097

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And General Manager

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Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
January 1, 2020	26,412	2,182	39,823	-	(1,074)	71,310	138,653	908	139,561
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	(1,644)	(1,644)	2	(1,642)
Transfer of reserves to retained earnings	-	-	-	-	-	-	-	-	-
Transfer from comprehensive income	-	-	(268)	-	-	268	-	-	-
Other items	-	-	-	-	(275)	(62)	(337)	-	(337)
Dividends allocated	-	-	-	-	-	-	-	-	-
June 30, 2020	26,412	2,182	39,555	-	(1,349)	69,872	136,672	910	137,582

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HUANG LIANG NENG,
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And General Manager

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VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for Administrative
Operations

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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Share capital	Share premiums	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
January 1, 2019	26,412	2,182	39,752	-	(1,075)	74,357	141,629	939	142,567
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	1	-	1	-	1
Net profit/(loss) for the period	-	-	-	-	-	(1,144)	(1,144)	(20)	(1,164)
Transfer of reserves to retained earnings	-	-	-	-	-	-	-	-	-
Transfer from comprehensive income	-	-	(381)	-	-	381	-	-	-
Other items	-	-	-	-	(323)	(270)	(593)	-	(593)
Dividends allocated	-	-	-	-	-	-	-	-	-
June 30, 2019	26,412	2,182	39,371	-	(1,397)	73,324	139,892	919	140,811

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**CONSOLIDATED STATEMENT OF CASH-FLOW
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	Period ended June 30, 2020	Period ended June 30, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from operating activities:			
Gross profit / (loss) for the year		(1,513)	(1,060)
Finance expenses recognized in profit		1,059	1,418
Investment income recognised to profit or loss			(3)
(Gain) / Loss on sale or disposal of fixed assets		16	226
(Gain) / Loss on sale or disposal of investment property			-
(Gain) / Loss on sale or disposal of assets held for sale		-	
Interest income		(7)	
Loss on impairment of trade receivables		(1)	24
Amortization / Depreciation of non-current assets		7,727	8,154
Net (gain) / loss on foreign exchange			1,101
(Gain) / Loss on share of profit of associates		2,308	(831)
Increases in subsidies		(1,874)	(2,076)
Movements in working capital:			
(Increase) / Decrease in trade and other receivables		(6,991)	(5,915)
(Increase) / Decrease in inventories		5,898	(3,968)
(Increase) / Decrease in other assets		2,541	(2,109)
Increase / (Decrease) in trade and other payables		(2,483)	6,627
Increase / (Decrease) in other payables		469	372
Increase / (Decrease) in deferred tax		-	98
Cash generated by/used in operating activities		7,149	2,057
Interest paid		(899)	(1,136)
Income tax paid		(129)	(104)
Bank commissions paid		(160)	(282)
Net cash generated by operating activities		5,961	535
Cash flows from investing activities:			
Payments for property, plant and equipment		(1,390)	(880)
Proceeds from disposal of property, plant and equipment		1	153
Proceeds from sale of investment property			-
Interest received			3
Dividends received		(4,296)	
Encashments from the sales of assets held for sales		7	
Net cash generated by / (used in) investing activities		2,914	(724)

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

**CONSOLIDATED STATEMENT OF CASH-FLOW
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Note	Period ended June 30, 2020	Period ended June 30, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Cash flows from financing activities:			
Drawings of borrowings		1,738	2,465
Repayments of borrowings		(8,514)	(6,533)
Lease payments		(23)	(6)
Dividends paid for non-controlling interest		-	-
Net cash generated by financing activities		(6,799)	(4,074)
Net decrease / (increase) in cash and cash equivalents		2,076	(4,263)
Cash and cash equivalents at the beginning of the period		9,764	9,791
Cash from subsidiaries acquired during the year		-	-
Cash and cash equivalents at the end of the year		11,840	5,528

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 27, 2020.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

**PREPARED BY,
VIORICA ZAINESCU,**
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations

For signatures, please refer to the original Romanian version.

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2020

(all amounts are expressed in lei, unless specified otherwise)

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, 2020 the Parent's shares were traded on the BSE and its main shareholders as at June 30, 2020 were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, Unitai International Corporation.

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

As at June 30, 2020 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, 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, sewage and substations; 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. As at the date of these financial statements, the company is under voluntary liquidation.

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, where S.C. Romcarbon S.A. has held since 2011 99.86% of the shares and the remaining shares are held by legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

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, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Data processing, hosting and related activities (NACE code 6311) or Computer consultancy activities (NACE code 6202).

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

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

GRINRUH LLC UKRAINE is a company established in 2007, where SC Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and other 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 employer and professional interests of its members in the relationship with public authorities and other legal and natural persons, to consolidate their authority and social renown and to act towards modernizing the developing the field regarding environmental protection according to the international rules and standards. Also, the association sets itself to promote human solidarity, by organizing and supporting humanitarian actions. The association was established by SC Greenfiber International SA, SC Greentech SA and SC Romcarbon SA as founding members, each holding 33.33% of its patrimony.

In May 2020, Romcarbon SA waived its membership in this association and its place was taken over by Greenweee International SA.

After such change, the indirect holding of Romcarbon SA in the association is 17.55%.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

1. GENERAL INFORMATION (continued)

RECYPLAT LTD is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd 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.

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25.36% and 74.62%, indirectly through LivingJumbo Industry SA. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzau, Str. Transilvaniei, nr. 132, Remiza PSI, camera 6. The company's main object of activity is Other business support service activities n.e.c. – (NACE code 8299).

PROJECT ADVICE SRL is a company established in 2010, where Romcarbon SA indirectly holds 0.01%. The company's main office is located in Strada Transilvaniei, nr. 132, Pavilion Administrativ, room no. 24, 2nd floor, Buzău county. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities.

At June 30, 2020 the Group sold 9,249 of its 9,250 shares.

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

1. GENERAL INFORMATION (continued)

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

At December 31, 2019 GREENWEEE INTERNATIONAL SA (absorbing company) merged with GREENLAMP RECICLARE SA (absorbed company). Further to the merger, the share capital of GREENWEEE INTERNATIONAL SA increased from 26,212,300 lei to 28,827,300 lei, through the issuance of 26,150 new shares at a nominal value of 100 lei.

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

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, 17 Alea Industriilor street. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.47435% of the share capital.

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12.3116% of the shares and the remaining shares are held by natural and legal persons. The company's main office is located in Buzău, 17 Alea Industriilor street, Commercial Building, 1st floor, Room 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

EKOLUMI s.r.o is a company established in 2010, where SC Romcarbon SA indirectly holds 14.07% of the shares and the remaining shares are held by foreign natural persons. The company's main office is located in Slovakia, Partizánska cesta 4634, Banská Bystrica. The company's main object of activity is collection of non-hazardous waste (NACE code 3811).

ELTEX RECYCLING SRL is a company established in 2014, where SC Romcarbon SA indirectly holds 17.58%. The company's main office is located in Oradea, 5 Octavian Goga street. The company's main object of activity is treatment and disposal of non-hazardous waste (NACE code 3821).

GREEN RESOURCES MANAGEMENT is a company established in 2016 where SC Romcarbon SA indirectly holds 11.73%. The company's main office is located in Bucurest, Sect.2, 164A Barbu Vacarescu street, 3rd floor, Offices Building C3, room 18-22. The company's main object of activity is Other business support service activities n.e.c. – (NACE code 8299).

GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 17.59%. The company's main office is located in Vilnius, Sandeliu g.16. The company's object of activity is commercial, economic, financial and industrial activity.

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

1. GENERAL INFORMATION (continued)

Name	Place of establishment	Object of activity	Interest %	Control %	Cost as at 30.06.2020 (lei)	Interest %	Control %	Cost as at 31.12.2019 (lei)
Greenweee International SA	Romania	Dismantling of wrecks for materials recovery	17.59%	17.59%	-	17.59%	17.59%	-
Greenfiber International SA	Romania	Manufacture of man-made fibers	17.47%	17.47%	-	17.47%	17.47%	-
Greenweee International Hungary KFT	Hungary	Management of used waste and treatment of other waste	17.59%	17.59%	-	17.59%	17.59%	-
LivingJumbo Industry SA	Romania	Manufacture of plastic packing goods	99.86%	99.86%	6,477,632	99.86%	99.86%	6,477,632
Greentech DOO Serbia	Serbia	Recycling of non-metallic waste and scraps	15.72%	15.72%	-	15.72%	15.72%	-
Grinteh MK DOO Macedonia	Macedonia	Recycling of non-metallic waste and scraps	15.63%	15.63%	-	15.63%	15.63%	-
GREENTECH BALTIC UAB Lithuania	Lithuania	Commercial, economic, financial and industrial activity	17.59%	17.59%	-	12.79%	12.79%	-
Grinild LLC Ukraine	Ukraine	Wholesale trade	62.62%	62.62%	2,687,755	62.62%	62.62%	2,687,755
Grinruh LLC Ukraine	Ukraine	Wholesale trade	62.62%	62.62%	4,426,809	62.62%	62.62%	4,426,809
RC Energo Install SRL	Romania	Plumbing, heat and air conditioning installation	100.00%	100.00%	15,112	100.00%	100.00%	15,112
Info Tech Solutions SRL	Romania	Consultancy in IT technology	99.00%	99.00%	1,980	99.00%	99.00%	1,980
Total Waste Management SRL	Romania	Collection of non-hazardous waste	17.47%	17.47%	-	17.47%	17.47%	-
Greentech SA	Romania	Recovery of sorted materials	17.59%	17.59%	-	17.59%	17.59%	-
Greentech Recycling Deutschland GMBH	Germany	Trade with plastics and recycling of plastic waste	17.47%	17.47%	-	17.47%	17.47%	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

1. GENERAL INFORMATION (continued)

	Place of establishment	Object of activity	Interest %	Control %	Cost as at 30.06.2020 (lei)	Interest %	Control %	Cost as at 31.12.2019 (lei)
"Greenlife" Ecological Association	Romania		17.55%	17.55%	0	45.00%	45.00%	400
Recyplat LTD	Cyprus	Business and other management consultancy activities	100.00%	100.00%	20,261,120	100.00%	100.00%	20,261,120
Romgreen Universal Cipru	Cyprus	Business and other management consultancy activities	17.59%	17.59%	-	17.59%	17.59%	-
Greenlamp Reciclare SA	Romania	Treatment and disposal of hazardous waste	-	-	-	-	-	-
Eco Pack Management SA	Romania	Other business support service activities n.e.c.	99.88%	99.88%	2,619,254	99.88%	99.88%	2,619,254
Romcarbon Deutschland GMBH	Germany	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	100.00%	100.00%	110,138	100.00%	100.00%	110,138
Project Advice SRL	Romania	Business and other management consultancy activities	0.01%	0.01%	10	99.86%	99.86%	500
Green Resources Management SA	Romania	Other business support service activities n.e.c.	11.73%	11.73%	-	11.73%	11.73%	-
EKOLOMI s.r.o	Slovakia	Collection of non- hazardous waste	14.07%	14.07%	-	-	-	-
ELTEX RECYCLING SRL	Romania	Treatment and disposal of non-hazardous waste	17.59%	17.59%	-	-	-	-

*The Group sold its 99.85% ownership in PROJECT ADVICE SRL in 2020. The selling price was lei 92,500.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES
Statement of compliance

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. June 30, 2020 and in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. Such provisions are consistent with the requirements of the International Financial Reporting Standards adopted by the European Union.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)

The Group chose not to adopt new standards, amendments to existing standards and new interpretations before their effective dates.

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) are effective for the first time during the current reporting period. The adoption of these amendments to the existing standards has not led to any material changes in the Group's financial statements

- **Amendments to IFRS 3: Definition of a Business** - The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.
- **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform** - The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.
- **Amendments to IAS 1 and IAS 8: Definition of Material** - The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.
- **Conceptual Framework for Financial Reporting issued on 29 March 2018** - The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)
Income recognition

The Company has applied IFRS 15 for the first time effective from January 1, 2018.

Under the new standard, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services. Income is recognized at the fair value of the services rendered or the goods delivered, net of VAT, excise duties and other sales taxes.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 "Revenue from contracts with customers" introduces a comprehensive model for the recognition and measurement of income. The standard replaces the existing income recognition criteria, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services.

Being permitted by the standard, the Company adopted IFRS 15 as of January 1, 2018 using the revised retrospective method with cumulative adjustments from the initial application recognized as at 1 January 2018 in equity and without altering the figures for prior periods. Initial application has no impact on the Company's retained earnings.

In applying IFRS 15, the Company has not identified any impact on the financial statements.

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

Sale of goods

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

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

Dividend and interest income

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING PRINCIPLES (continued)
Foreign currency transactions

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

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

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

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

Costs related to long-term borrowings

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

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

Government subsidies

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

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

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

Employee contributions

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

Taxation

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

Current tax

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING PRINCIPLES (continued)
Provisions for taxes and levies

As at December 31, 2019 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

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

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

The latest revaluation conducted by the Group companies of their land and buildings took place at December 31, 2019 based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity.

The decreases in the book values were debited to Revaluation reserves under Equity up to the level previously credited and the difference was registered to profit or loss.

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 in financial leasing are amortized over the useful life, similarly to the assets held or, if the lease term is shorter, over the term of the respective leasing contract.

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:

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)
Intangible assets
Intangible assets acquired separately

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

The calculation of amortization uses the following useful lives:

	Years
Licenses	1 – 5

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.

Impairment of property, plant and equipment and intangible assets, excluding goodwill

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2020

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)

Assets held for sale

Assets held for sale are represented by real estate held by the Company, which forms the object of a selling plan as at the date of the consolidated financial statements. Such assets are not depreciated and are carried at the lower of carrying amount and fair value, less costs to sell and are presented separately in the consolidated financial statements. Resulting gains and losses are included in profit or loss as they arise.

Provisions

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

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

Warranties

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

Financial assets and liabilities

The group applies IFRS 9 – Financial instruments, which became effective as of 1 January 2018 and which uses the entity's business model and the contractual cash flows characteristics of the financial asset to classify financial assets.

Classification of financial assets

According to IFRS 9 Financial instruments, financial assets are classified into:

1. *Financial assets measured at amortized cost if both of the following conditions are met:*
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. *Financial assets measured at fair value through other comprehensive income if both of the following conditions are met*
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
3. *Financial assets measured at fair value through profit or loss unless measured at amortized cost in accordance with paragraph 1 or at fair value through other comprehensive income in accordance with paragraph 2.*

Except for trade receivables within the scope of IFRS 15, the Group measures a financial asset or financial liability at its fair value, and in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)
Financial assets and liabilities (continued)

After initial recognition, the Group measures a financial asset:

- amortized cost
- fair value through other comprehensive income or
- fair value through profit or loss

Financial assets include shares in subsidiaries, associates and jointly controlled entities, loans granted to such entities, other investments held as non-current assets and other loans.

In the application of IFRS 9, the Group did not identify any impact on the consolidated financial statements.

The Group presents investments in associates at cost. Given the transition to IFRS 9, while, prior to the initial application of IFRS 9, the Group accounted for such investments as per IAS 27.10a or IAS 27.10c (cost or equity method), the same accounting treatment is applied after the transition to IFRS 9. Thus, they continue to be accounted for at cost.

In the application of IFRS 9, the Group did not identify any impact on the consolidated financial statements as regards financial assets.

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

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

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

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

Financial assets available for sale (AFS)

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)
Financial assets and liabilities (continued)
Impairment of financial assets

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

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

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

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

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

De-recognition of assets and liabilities

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

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

Use of estimates

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

3. INCOME

An analysis of the Group's income for 2020 is presented below:

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from sale of finished products	108,677	104,686
Income from sale of commodities	8,340	8,923
Income from services delivered	2,288	1,193
Other income (income from sale of semi-finished goods, residual goods, other income)	7,605	6,991
Total	126,910	121,794

Segment reporting	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Sales on domestic market (Romania)	80,417	76,285
Sales on foreign market (Europe)	45,760	44,852
Other (Israel, Taiwan)	733	656
Total	126,910	121,794

	Segment income		Segment profit	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Plastics	103,540	93,422	13,314	7,524
Compound recycled products	11,732	16,703	620	2,417
Other productive sectors	2,829	2,752	596	441
Other	8,809	8,916	264	267
Total from operations	126,910	121,794	14,794	10,649
Investment income	-	-	686	923
Other income	-	-	1,908	2,076
Administrative and salary expenses	-	-	(17,843)	(13,290)
Finance expenses	-	-	(1,058)	(1,418)
Profit before taxation	-	-	(1,513)	(1,060)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

3. INCOME (continued)

Investment income	Period ended June 30, 2020 <i>thousand LEI</i>	Period ended June 30, 2019 <i>thousand LEI</i>
Rental income	679	919
Dividends from related parties	0	0
Interest Income	7	3
Other income	0	0
Total	686	923

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

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

Other productive sectors include the following groups of products:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

3. INCOME (continued)

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

Assets and liabilities		Asset segment		Liability segment	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo	Polyethylene + polystyrene + polypropylene plastics + PET products	114,605	119,285	105,521	111,292
Romcarbon	Compound recycled products	69,062	72,142	20,036	21,658
Romcarbon	Other productive sectors	5,580	5,829	2,832	3,062
Romcarbon	Other activities	97,161	101,842	20,435	23,525
Total assets/liabilities		286,407	299,097	148,825	159,536

Depreciation and non-current assets additions		Depreciation segment		Segment of non-current assets additions *	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo	Polyethylene + polystyrene + polypropylene plastics	3,892	4,250	398	1,333
Romcarbon	Compound recycled products	1,849	1,823	501	188
Romcarbon	Other productive sectors	165	203	-	63
Romcarbon	Other activities	1,821	1,878	73	128
Total		7,727	8,154	972	1,713

* Non-current assets additions represent inflows of fixed assets during the period and do not include inflows from purchases of subsidiaries.

In "Other activities" segment, the Group has one client (Kasakrom Chemicals SRL) whose turnover represents 5% of the Group's income (6% in 2019).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

4. RAW MATERIALS AND CONSUMABLES USED

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Raw materials	(41,777)	(47,305)
Consumables used	(4,822)	(4,253)
Energy expenses	(6,634)	(6,451)
Goods sold	(20,022)	(19,215)
Packaging cost	(865)	(674)
	(74,120)	(77,898)

5. EXPENSES WITH SALARIES AND SOCIAL SECURITIES

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Salaries	(32,383)	(31,620)
Social contributions	(926)	(888)
Meal tickets	(1,224)	(1,275)
Total	(34,533)	(33,783)

6. OPERATTIONAL EXPENSES

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Expenses with repairs	(423)	(448)
Expenses with rents	(255)	(143)
Expenses with insurance premiums	(251)	(240)
Research expenses	-	-
Other expenses with commissions	(26)	(25)
Protocol, advertising and publicity expenses	(272)	(349)
Transport	(3,570)	(3,591)
Expenses with travels	(32)	(121)
Expenses with postal charges and telecommunications	(94)	(98)
Expenses with third party services	(3,058)	(2,663)
Other taxes and levies	(1,267)	(1,301)
Losses on receivables and sundry debtors	-	-
Expenses with indemnifications, fines and penalties	(2)	(8)
Other expenses	(125)	(146)
Total	(9,375)	(9,132)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

7. OTHER GAINS AND LOSSES

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Income from the sale of fixed assets	1	153
Income from the sale of held-for-sale assets	-	601
FOREX gains	624	1,079
FOREX losses	(1,489)	(2,179)
Income / (Expenses) from changes in fair value of investment property	-	2,196
Income / (Expenses) from reversed value adjustments	1	24
Income / (Expenses) fair value adjustment of assets held for sale	-	(393)
Income / (Expenses) from assets disposed and capital operations	(2)	(379)
Client allowances		
Discounts granted	(5)	(16)
Compensations, fines and penalties	4	-
Other income	460	63
Other expenses	(235)	
Total	(641)	1,148

8. DEPRECIATION AND AMORTIZATION EXPENSE

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Amortization/depreciation	(7,727)	(8,154)
of which:		
Depreciation of property, plant and equipment	(7,611)	(8,085)
Amortization of intangible assets	(116)	(69)

9. FINANCE COSTS

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Interest	(899)	(1,135)
Bank commissions and assimilated charges	(160)	(282)
Lease interest	-	(1)
Total	(1,059)	(1,418)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

10. INCOME TAX**Income tax expenses**

	Period ended June 30, 2020	Period ended June 30, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Current income tax expense	(129)	(104)
Deferred tax income expense / (income)	-	-
Total expense (income) with income tax	(129)	(104)

Components of deferred tax liabilities

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Property, plant and equipment	7,894	7,894
Investment property	836	836
Inventories	(229)	(229)
Trade and other receivables	(137)	(137)
Other	-	-
Recognized deferred income tax liabilities	8,364	8,364
of which: deferred tax on revaluation reserves from comprehensive income	8,364	8,364

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Opening balance as at January 1	8,364	8,902
(Expense) / Income during the year		
- movement from revaluation reserves	-	(74)
- recognized in income statement	-	(464)
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	8,364	8,364

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
COST						
Balance as at January 1, 2020	45,780	22,876	179,568	897	2,818	251,939
Additions, of which						
- Increases from revaluations	-	49	911	7	1,002	1,969
- Transfers	-	-	-	-	-	-
Disposals, of which	-	39	884	-	-	923
- Decreases from revaluations	-	-	224	-	928	1,152
Transfers, of which						
- Transfers to investment property	-	-	219	-	781	1,000
	-	-	5	-	147	152
Balance as at June 30, 2020	45,780	22,925	180,255	904	2,892	252,756
Balance as at January 1, 2019	46,634	28,600	177,360	1,584	2,583	257,032
Additions, of which						
- Increases from revaluations	151	1,569	2,250	79	3,068	7,117
- Transfers	-	523	1,416	4	-	2,824
Disposals, of which	151	1,046	-	-	-	1,197
- Decreases from revaluations	1,005	7,293	313	766	2,833	12,210
- Transfers	-	201	313	766	2,686	3,944
	725	1,613	21	-	147	2,506
Balance as at December 31, 2019	45,780	22,876	179,568	897	2,818	251,939

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Installations and furniture	Tangible assets in progress	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
ACUMULATED DEPRECIATION						
Balance as at January 1, 2020	27	1,224	91,869	539	-	93,659
Depreciation charge	2	791	6,782	35	-	7,610
Disposals	-	6	198	-	-	204
Balance as at June 30, 2020	29	2,009	98,453	574	-	101,065
Balance as at January 1, 2019	23	4,543	78,046	877	-	83,489
Depreciation charge	4	2,056	14,020	81	-	16,161
Disposals from sale of assets	-	149	197	419	-	765
Revaluation decreases	-	5,226	-	-	-	5,226
Balance as at December 31, 2019	27	1,224	91,869	539	-	93,659
IMPAIRMENT						
Balance as at January 1, 2020					1,186	1,186
Impairment charge						
Disposals						
Balance as at June 30, 2020					1,186	1,186
Balance as at January 1, 2019	-	-	-	-	1,186	1,186
Impairment charge	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at December 31, 2019	-	-	-	-	1,186	1,186
NET BOOK VALUE						
As at June 30, 2020	45,751	20,916	81,802	330	1,706	150,505
As at December 31, 2019	45,753	21,652	87,699	358	1,632	157,094

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in lei, unless specified otherwise)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2019 the parent company revalued fixed assets in the category of land and buildings through an independent valuer. Further to revaluation, the value of land and buildings decreased by RON 4,561 thousand (the value of lands decreased by RON 129 thousand and the value of buildings and constructions decreased by RON 4,432 thousand). The revaluation differences were registered as follows: the amount of RON (96) thousand in the income statement and the amount of RON 760 thousand as set up of reserves. The difference of RON (5,226) thousand represents the write-off of the depreciation of the assets revalued at December 31, 2019.

Pledged and restricted tangible assets
ROMCARBON SA

Tangible assets having a net book value of RON 105,172 thousand as at June 30, 2020 (December 31, 2019: RON 101,999 thousand) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank and EXIMBANK SA. Certain commercial banks have issued letters of guarantee in favor of the company's commercial partners. To issue such letters of guarantee, the Company pledged fixed assets at a net carrying amount of RON 0 at June 30, 2020.

Living Jumbo Industry SA

Tangible assets with a net book value of RON 30,402 thousand as at June 30, 2020 (December 31, 2019: RON 36,411) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

RC ENERGO INSTALL SRL

Tangible assets with a net book value of RON 204 thousand at June 30, 2020 (December 31, 2019: RON 256 thousand) consisting of technical installations and equipment represent security for the loans contracted by the company from Eximbank SA.

Guarantees granted by the parent to Livingjumbo Industry SA for the following loans contracted from UniCredit Bank SA:

- investment line in amount of EUR 607,200 (due in February 2024), *ctr. BUZA/016/2015*, secured by an immovable mortgage of subsequent rank over real estate identified by cadastral no. 67264 (having a total surface area of 10,037 sq m), and cadastral number 54304 (having a total surface area of 16,787 sq m) and movable mortgage over inventories having a minimum value of EUR 2,000,000 and movable mortgage of subsequent rank over 4 machinery having a market value as per the valuation of January 2020 of EUR 359,700 and a net book value of RON 1,222,537 as at June 30, 2020 and a movable mortgage on a collateral of EUR 250,000;
- non-binding loan – cash line – in amount of EUR 450,000 (due in February 2024), *ctr. BUZA/044/2016*, secured by mortgage on tangible assets in the form of inventories at a value of maximum EUR 2,000,000;
- investment loan at an initial amount of EUR 4,723,205 (due in February 2024), *ctr. BUZA/017/2015*, secured by movable mortgage on a collateral in amount of EUR 250,000.

Guarantees granted by the parent to Livingjumbo Industry SA for the loan contracted from EximBank SA

- Credit line in amount of EUR 2,000,000, investment loan in amount of EUR 607,200 (due in February 2024), *ctr. 9 - ABZ/28.05.2020*, secured by an immovable mortgage of subsequent rank over Sutco pre-sorting equipment, having a market value as per the valuation of July 2019 in amount of EUR 154,690 and a net book value of RON 768,958 at June 30, 2020, and a fidejussio agreement concluded between the bank and Romcarbon SA.

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11. PROPERTY, PLANT AND EQUIPMENT (continued)
Guarantees granted to RC Energo Install SRL for the following loans contracted from EXIMBANK SA:

- Credit line in amount of RON 1,000,000 for financing the current activity (due on 14/10/2020), guaranteed by movable mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a market value of EUR 836,500 as per the valuation of October 2019 and a net carrying amount of RON 3,233,047 at June 30, 2020;
- Credit for financing the current activity in amount of RON 1,500,000 (due on 14/10/2020), guarantees by movable mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a market value of EUR 836,500 as per the valuation of October 2019 and a net carrying amount of RON 3,233,047 at June 30, 2020;

12. GOODWILL

COST	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance at the beginning of the year	143	143
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143	143

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

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13. OTHER INTANGIBLE ASSETS

COST	Licenses <i>thousand LEI</i>	Other intangible assets <i>thousand LEI</i>	Intangible assets in progress <i>thousand LEI</i>	Total <i>thousand LEI</i>
Balance as at January 1, 2020	902	1,255	57	2,214
Additions	218	114	12	344
Disposals			69	69
Balance as at June 30, 2020	1,120	1,369		2,489
Balance as at January 1, 2019	613	1,251	-	1,865
Additions	300	4	308	612
Disposals	11	-	251	262
Balance as at December 31, 2019	902	1,255	57	2,215
ACUMULATED AMORTIZATION	Licenses <i>thousand LEI</i>	Other intangible assets <i>thousand LEI</i>	Intangible assets in progress <i>thousand LEI</i>	Total <i>thousand LEI</i>
Balance as at January 1, 2020	653	1,254		1,907
Expenses with amortization	109	8		117
Disposals				
Balance as at June 30, 2020	762	1,262		2,024
Balance as at January 1, 2019	602	1,173	-	1,775
Expenses with amortization	59	84	-	143
Disposals	8	3	-	11
Balance as at December 31, 2019	653	1,254	-	1,907
NET BOOK VALUE				
As at June 30, 2020	358	107		465
As at December 31, 2019	249	1	57	307

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14. OTHER FINANCIAL ASSETS

Details on the Group's associates are as follows:

Name of investment	Core activity	Place of establishment and operations	Ownership interest	
			June 30, 2020 %	December 31, 2019 %
Kang Yang Biotechnology Co. Ltd	Manufacture of products beneficial for human health	Taiwan	1.95%	1.95%
Romgreen Universal Ltd	Business and other management consultancy activities, core activity	Cyprus	17.59%	17.59%
"Greenlife" Ecological Association	Non-profit organization	Romania	0%	33.33%
Registrul Miorita SA	Insurance related to Shareholders' Registry	Romania	4%	4%
Yenki		Romania	33.34%	33.34%

Changes of investment regarding associates and financial assets

	Period ended June 30, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
As at January 1	27,034	27,103
Share of profit / loss of associates (Romgreen)	(2,584)	(68)
Additions	-	-
Transfer to other comprehensive income	-	-
Loss on retroactive correction of previous year's profit sharing*	-	-
Reduction of Romgreen* share premiums	-	-
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	-	-
Total	24,450	27,034

15. INVENTORIES

	Period ended June 30, 2020 <i>thousand LEI</i>	Year ended December 31, 2019 <i>thousand LEI</i>
Raw materials	15,706	18,320
Consumables	4,488	5,231
Items of inventory	101	106
Packaging	315	301
Finished products	9,900	10,550
Production in progress	1,515	2,162
Semi-finished products	4,820	6,068
Residual products	183	165
Commodities	4,640	4,662
Impairment allowances for inventories	(1,637)	(1,637)
Total	40,031	45,929

In H1 2020, the Group's average turnover was 60 days, as compared to 57 days in H1 2019.

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16. TRADE AND OTHER RECEIVABLES

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade receivables	41,518	35,345
Allowances for doubtful clients	(2,093)	(2,078)
Advances to suppliers of fixed assets		-
Advances to suppliers of inventories	175	153
Advances to services suppliers	217	479
Warranties withheld	167	195
Other receivables	1,470	367
Total	41,454	34,461

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Changes of allowance for doubtful clients		
Balance at the beginning of the year	2,076	1,964
Receivables transferred to expenses during the year	17	-
Decrease of allowance recognized in profit and loss	-	112
Balance at the end of the year	2,093	2,076

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 and clients are independent from each other.

The Company registers adjustments of receivables as per IFRS 9, and specific allowances for doubtful clients.

Therefore, the Group's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

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16. TRADE AND OTHER RECEIVABLES (continued)

		Trade receivables – days past due					
		<30	31-60	61-90	91-120	>120	Total
30/06/2020	Not past due						
Expected loss rate	0.02%	0.03%	0.10%	0.13%	0.34%	1.67%	
Total gross carrying amount of specific un-provisioned receivables	33,659	2,083	217	235	123	2,427	38,744
		Trade receivables – days past due					
		<30	31-60	61-90	91-120	>120	Total
31/12/2019	Not past due						
Expected loss rate	0.02%	0.03%	0.10%	0.13%	0.34%	1.67%	
Total gross carrying amount of specific un-provisioned receivables	26,548	3,345	392	233	277	2,426	33,222

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17. OTHER CURRENT ASSETS

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Suppliers-debtors for services	-	-
Pre-paid amounts	1,033	1,018
Taxes recoverable	288	454
VAT recoverable	-	-
Total	1,321	1,472

18. OTHER CURRENT FINANCIAL ASSETS

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Short term bank-deposits	0	2,390
Total	0	2,390

At December 31, 2019, Livingjumbo Industry SA had set up a bank deposit to guarantee the credit line contracted with BRD GSG. The amount of this deposit is EUR 500 thousand. The deposit can be unblocked by the bank when the company both individually and together with Romcarbon SA meets the level of the indicators stipulated in the credit agreement; the date on which the indicators will be verified is 31.08.2020. Taking these aspects into account, the deposit was classified according to IAS7 in „Other current financial assets“.

In 2020, the credit line contracted from BRD GSG was repaid and the deposit was released.

19. ISSUED CAPITAL

	Share capital	
	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
264,122,096 fully paid ordinary shares (2019: 264,122,096).		
The value of one share is LEI 0.1	26,412	26,412
Inflation effect according to IAS 29	-	-
Total	26,412	26,412

	June 30, 2020		December 31, 2019	
	Number of shares	% ownership	Number of shares	% ownership
Living Plastic Industry SRL	86,774,508	32.85%	86,774,508	32.85%
Unitai International Corporation	615,500	0.23%	615,500	0.23%
Joyful River Limited Loc, Nicosia CYP	54,195,089	20.52%	54,195,089	20.52%
Other legal persons	13,011,379	4.93%	18,044,842	6.83%
Other natural persons	109,525,620	41.47%	104,492,157	39.56%
Total	264,122,096	100%	264,122,096	100%

The main characteristics of the securities issued by the Company: 264,122,096 nominal shares, dematerialized, at nominal value of LEI 0.1.

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(all amounts are expressed in lei, unless specified otherwise)

20. RESERVES

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Revaluation reserves	39,612	38,881
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1,406)	(1,132)
Total	38,206	38,749

21. RETAINED EARNINGS

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance at the beginning of the year	71,310	74,357
Net profit / (net loss) attributable to parent	(1,644)	(2,586)
Write-off of application of IAS 29 on capital accounts	-	-
Reclassification of revaluation reserve to retained earnings	268	762
Dividends paid	-	(1,005)
Decrease of minority holding further to the increase of parent's holding	-	-
Other	(62)	(217)
Balance at the end of the year	69,872	71,310

22. NON-CONTROLLING INTERESTS

	Period ended June 30, 2020	Year ended December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Balance at the beginning of the year	908	939
Share of profit / (loss) for the year	2	(31)
Share of other items of capital	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Dissolution of subsidiaries	-	-
Balance at the end of the year	910	908

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23. BORROWINGS

Secured borrowings – at amortized cost	Short-term		Long-term	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Overdraft and				
Investment loans	58,785	60,411	18,354	23,504
Lease liabilities	15	15	2	9
Total	58,800	60,426	18,356	23,513

Short-term bank loans	Entity	June 30, 2020 <i>thousand LEI</i>	December 31, 2019 <i>thousand LEI</i>
Credit line Euro - BRD	Romcarbon	-	12,088
Credit line Euro - Eximbank SA	Romcarbon	12,176	-
	LivingJumbo		
Credit line Euro - BRD	Industry	-	8,544
	LivingJumbo		
Credit line Euro - Eximbank SA	Industry	9,157	-
Credit line Euro - UniCredit Bank SA	Romcarbon	25,290	25,298
Investment loan in Euro -BRD III	Romcarbon	764	754
Investment loan in Euro – BRD II	Romcarbon	605	597
Investment loan in Lei - Eximbank SA	Romcarbon	1,024	1,024
Investment loan in Lei II - Eximbank SA	Romcarbon	597	597
Credit line - Eximbank SA	Energoinstall	586	332
Loan for current activity - Eximbank SA	Energoinstall	750	1,250
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	2,106	2,079
	LivingJumbo		
Investment loan I in Euro - BRD	Industry	521	514
	LivingJumbo		
Investment loan II in Euro - BRD	Industry	60	59
	LivingJumbo		
Investment loan Euro - UniCredit Bank SA	Industry	420	415
Investment loan in Euro - UniCredit Bank - CCE 2015 project	LivingJumbo		
	Industry	3,268	3,225
Investment loan II in Lei - UniCredit Bank	Romcarbon	306	306
Investment loan III in Lei - UniCredit Bank	Romcarbon	547	540
Investment loan IV in Lei - UniCredit Bank	Romcarbon	608	1,548
Investment loan V in Lei - UniCredit Bank	Romcarbon	-	1,241
Total		58,785	60,411

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23. BORROWINGS (continued)

Long-term bank loans	Entity	June 30, 2020	December 31, 2019
		<i>thousand LEI</i>	<i>thousand LEI</i>
Investment loan in Euro Euro-BRD I	Romcarbon	-	-
Investment loan in Euro Euro-BRD II	Romcarbon	807	1,095
Investment loan in Euro Euro-BRD III	Romcarbon	446	817
Investment loan I in lei - UniCredit Bank	Romcarbon	-	-
Investment loan II in lei - UniCredit Bank	Romcarbon	77	230
Investment loan III in Euro - UniCredit Bank	Romcarbon	137	405
Investment loan IV in lei - UniCredit Bank	Romcarbon	304	608
Investment loan V in lei - UniCredit Bank	Romcarbon	-	-
Investment loan in Euro - UniCredit Tiriatic Bank SA – CCE project	Romcarbon	5,859	6,822
Investment loan in Lei - Eximbank SA	Romcarbon	1,023	1,536
Investment loan I in Euro - BRD	LivingJumbo Industry	895	1,194
Investment loan II in Euro - BRD	LivingJumbo Industry	565	814
Investment loan in Euro - UniCredit	LivingJumbo Industry	20	49
Investment loan in Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	465	9,268
Credit investitii Euro - UniCredit Bank SA - Proiect CCE 2015	LivingJumbo Industry	7,756	666
Total		18,354	23,504

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23. BORROWINGS (continued)

As at June 30, 2020 the Group had more loans contracted from various banks, the most important of which are presented below.

Romcarbon SA loans
a) credit line contracted from UniCredit Bank SA in amount of EUR 5,450,000 (contract BUZA/014/2012)

- Outstanding amount as at June 30, 2020: lei 25,290,385 (equivalent of EUR 5,222,804) (lei 25,297,660 at December 31, 2019)
- Due on: October 10, 2020
- Securities:

1. Mortgage on the following immovable assets (land + constructions), identified as follows:
 - cadastral no. 67264 (having a total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 54304 (having a total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzău;
 - cadastral no. 67301, having a surface area of 3,348 sq m, resulting from joining cadastral no. 64699, having a surface area of 3,308 sq m with cadastral no. 67265 having a total surface area of 40 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 the credit balance in lei or foreign currency opened by Livingjumbo Industry SA with UniCredit Bank Suc. Buzau;
4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts and/or the firm orders and/or invoices executed/issued by ROMCARBON SA with its clients, in their capacity of assigned debtors, with possibility of sending accepted or non-accepted notices to assigned debtors in accordance with the negotiations held with the Bank;

Currently, the following debtors are notified: LivingJumbo Industry SA, P.H. Bratpol Poland, Yugosac D.O.O.Serbia, 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. The list will be supplemented/revised by inclusion / exclusion of new data.

5. Mortgage over movable assets in the form of inventory having a minimum value of EUR 2,000,000;
6. Real estate mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2020 EUR 359,700 and a net book value of lei 1,222,537 as at June 30, 2020.
7. Blank promissory note, with the mention "No Protest";
8. LivingJumbo Industry SA as co-borrower;
9. Mortgage over a collateral deposit in amount of euro 250,000 established by Romcarbon SA;
10. Mortgage over a collateral deposit in amount of euro 200,000 established by LivingJumbo Industry SA.

This is a free translation from the original Romanian version.

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23. BORROWINGS (continued)
b) Credit facility contracted from Banca de Export-Import a Romaniei Eximbank SA in amount of EUR 2,550,000 (ctr. 8 - ABZ/28.05.2020)

- Outstanding amount as at June 30, 2020: lei 12,175,524 (equivalent of EUR 2,514,409)
- Due on: May 27, 2021
- Securities:
 1. Immovable property mortgage over real estate (land and buildings), identified by cadastral nos.: 61094(344/1/6) in total surface area of 8,922 sq m, 52789 (344/1/8) in total surface area of 17,922 sq m, 65873 (344/1/9) in total surface area of 5,950 sq m, 52808 (344/1/11/1) in total surface area of 4,561 sq m, 54430 in total surface area of 1,320 sq m (subsequent rank) located at Strada Transilvaniei, nr. 132, Buzau;
 2. Mortgage of subsequent rank over equipment (PE plastic film washing, sorting and grinding line) with a market value of EUR 527,500 as per the valuation of May 2020 and a net book value of lei 2,607,542 as at June 30, 2020;
 3. Mortgage over the credit balance of the accounts opened by Romcarbon SA with EximBank SA Buzau Branch.
 4. First rank mortgage over present and future receivables arising from the commercial relationship with its business partners, including, but not limited to: Ductil SA, Dedeman SRL, Nenea SRL, Agrana Romania SRL, Romania Hypermarche SRL, Hitexim SRL, Magic Serv SRL, Sapte Spice SA, Roca Obiecte Sanitare, GD Agro Com SRL, M&V SRL, Autonet Import SRL, Subansamble Auto SA, Fabryo Corporation SRL;
 5. Blank promissory note, with the mention "No Protest."

As at June 30, 2020, the Company contracted the following long-term loans:

a) Investment loan II in amount of EUR 1,000,000 (withdrawn in part) contracted from BRD GSG (contract 148007/9022/03.11.2014):

- Outstanding amount as at June 30, 2020: lei 1,411,820 (equivalent of EUR 291,560)
- Due on: September 03, 2022
- Securities:
 1. Mortgage over the credit balance of present and prospective accounts/sub-accounts in lei and foreign currency opened by Romcarbon SA with BRD GSG – Buzău Branch;
 2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by LivingJumbo Industry SA, as co-debtor, with BRD GSG – Buzău Branch;
 3. Mortgage without dispossession over 4 machinery having a net book value of lei 2,810,143 as at June 30, 2020;

b) Investment loan III in amount of EUR 3,153,160 contracted from BRD GSG (contract 150819/9022/19.12.2014)

- Outstanding amount as at June 30, 2020: lei 1,209,608 (equivalent of EUR 249,800)
- Due on: February 03, 2022
- Securities:
 1. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. Romcarbon S.A. with BRD GSG – Buzău Branch;
 2. Mortgage over the credit balance of present and future accounts/sub-accounts in lei and foreign currency opened by S.C. LivingJumbo Industry S.A, as co-debtor, with BRD GSG – Buzău Branch;
 3. First rank mortgage over real estate having a total surface area of 35,159 sq m, identified by the following cadastral numbers: 65984 with a surface area of 17,373 sq m, 54582 with a surface area of 4,108 sq m and 64815 with a surface area of 13,678 sq m;

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23. BORROWINGS (continued)
c) *Investment loan for the purchase of equipment and financing and re-financing of construction and fit-out works of shop floors in amount of lei 6,142,500 contracted from Banca de Export-Import a Romaniei Eximbank SA (contract 1-ABZ/21.07.2015)*

- Outstanding amount as at June 30, 2020: lei 2,047,500.00 (lei 1,535,625 at December 31, 2019)
- Due on: June 20, 2022
- Securities:
 1. Mortgage over real estate having a total surface area of **23,001 sq m**, identified by 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, and 56197 with a surface area of 11,525 sq m;
 2. Mortgage without dispossession over 2 machinery having a market value of EUR 682,190 as per the valuation of May 2020 and July 2019 and a net book value of lei 3,376,500 as at June 30, 2020;
 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".

d) *Investment loan to co-fund project "Development of Romcarbon SA" worth EUR 2,967,420 contracted from UniCredit Bank SA (contract BUZA/010/2015)*

- Outstanding amount as at June 30, 2020: lei 7,965,195 (equivalent of EUR 1,644,920)
- Due on: December 04, 2023
- Securities:
 1. Mortgage over the goods purchased in project "Development of Romcarbon SA", having a market value as per the valuation of May 2020 of EUR 4,114,500 and a net book value of lei 21,358,628 as at June 30, 2020;
 2. Mortgage over all the future accounts/sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 3. Mortgage over a collateral deposit in amount of euro 250,000 established by Romcarbon SA;
 4. Mortgage over a collateral deposit in amount of euro 200,000 established by LivingJumbo Industry SA.

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(all amounts are expressed in lei, unless specified otherwise)

23. BORROWINGS (continued)
e) Investment loan II in amount of lei 2,500,000 contracted from UniCredit Bank SA for the co-financing of the 2016 investment plan (contract BUZA/023/2016)

- Outstanding amount as at June 30, 2020: lei 382,830
- Due on: September 19, 2021
- Securities:
 1. Immovable property mortgage over real estate identified by cadastral number 67264 ((in total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzau;
 2. Immovable property mortgage over real estate identified by cadastral number 54304 ((in total surface area of 16.787 mp) located at Str. Transilvaniei, 132, Buzau;
 3. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 4. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2020 of EUR 359,700 and a net book value of lei 1,222,537 as at June 30, 2020;
 5. Movable property mortgage over 3 pieces of machinery having a market value as per the valuation of September 2019 of euro 642,600 and a net carrying amount of lei 2,995,604 at June 30, 2020;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 7. Mortgage over a collateral deposit in amount of euro 250,000 established by Romcarbon SA;
 8. Mortgage over a collateral deposit in amount of euro 200,000 established by LivingJumbo Industry SA.

f) Investment loan III in amount of lei 442,500 from UniCredit Bank SA to co-fund the 2016 investment plan (contract BUZA/024/2016)

- Outstanding amount as at June 30, 2020: lei 684,029 (equivalent of EUR 141,261)
- Due on: September 19, 2021
- Securities:
 1. Immovable property mortgage over real estate identified by cadastral no. 67264 (in total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzau;
 2. Immovable property mortgage over real estate identified by cadastral no. 54304 (in total surface area of 8,103 sq m);
 3. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 4. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2020 of EUR 359,700 and a net book value of lei 1,222,537 as at June 30, 2020;
 5. Movable property mortgage over 3 pieces of machinery having a market value as per the valuation of September 2019 of euro 642,600 and a net carrying amount of lei 2,995,604 at June 30, 2020;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 7. Mortgage over a collateral deposit in amount of euro 250,000 established by Romcarbon SA;
 8. Mortgage over a collateral deposit in amount of euro 200,000 established by LivingJumbo Industry SA.

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23. BORROWINGS (continued)
g) Investment loan IV in amount of lei 5,400,000 from UniCredit Bank SA to refinance self-funded investments in 2016 (contract BUZA/038/2016)

- Outstanding amount as at June 30, 2020: lei 912,010 (lei 608,006 at December 31, 2019)
- Due on: December 01, 2021
- Securities:
 1. Movable property mortgage over 35 machinery with a market value as per the valuation of October 2019 of EUR 775,100 and a net book value of lei 1,451,945 as at June 30, 2020;
 2. Immovable property mortgage over real estate identified by cadastral no. 67264 (in total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzau;
 3. Immovable property mortgage over real estate identified by cadastral no. 54304 (in total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzau;
 4. Immovable property mortgage over real estate identified by cadastral nos. 61039-C1-U12, 61099-C1-U2, 6777, 6778 and 6779 located at Bulevardul Unirii, Bl. E3-E4, Buzau;
 5. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 6. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2020 of EUR 359,700 and a net book value of lei 1,222,537 as at June 30, 2020;
 7. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA;
 8. Mortgage over a collateral deposit in amount of euro 250,000 established by Romcarbon SA;
 9. Mortgage over a collateral deposit in amount of euro 200,000 established by LivingJumbo Industry SA.

h) Investment loan II in amount of lei 2,432,500 to finance and re-finance objectives included in the 2017 investment plan contracted from Banca de Export-Import a Romaniei Eximbank SA (contract 7-ABZ/18.12.2017)

- Outstanding amount as at June 30, 2020: lei 1,492,081
- Due on: December 16, 2022
- Securities:
 1. Mortgage of subsequent rank over equipment (PE plastic film washing, sorting and grinding line) with a market value of EUR 527,500 as per the valuation of May 2020 and a net book value of lei 2,607,542 as at June 30, 2020;;
 2. Mortgage without dispossession over an equipment (filtering line, grinding and production of compounds in the form of grains) with a market value of EUR 836,500 as per the valuation report of October 2019 and a net book value of lei 3,233,047 as at June 30, 2020;
 3. Mortgage without dispossession over 3 forklifts with a market value of EUR 47,400 as per the valuation of October 2019 and a net book value of lei 212,417 as at June 30, 2020;
 4. Immovable mortgage without dispossession over 9 machinery purchased under this project with a market value of EUR 106,300 as per the valuations of May 2020 and October 2019 and a net book value of lei 554,514 as at June 30, 2020;
 5. First rank mortgage over present and future receivables arising from the commercial relationship with Toro Manufacturing and Sales SRL, Leroy Merlin Romania SRL, Moara Cibin SA, Pambac SA and other key accounts agreed with the bank;
 6. Mortgage over current accounts in lei and foreign currency opened with EximBank SA by Romcarbon SA;
 7. Blank promissory note, with the mention "No Protest".

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23. BORROWINGS (continued)
I. Line of letters of guarantee

Line of letters of guarantee contracted from *UniCredit Bank SA Buzau Branch*, in amount of lei 500,000 (contract BUZA/002/2009).

- Due date: July 01, 2022
- Guarantees:
 1. Movable asset mortgage over two pieces of production equipment: extruder PP line (inventory no. 24078) with a market value of euro 39,600 at April 22, 2020 and a net carrying amount of lei 0 at June 30, 2020 and a flexographic printing machine (inventory no. 24075) with a market value of euro 22,700 at April 22, 2020 and a net carrying amount of lei 0 at June 30, 2020.
 2. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA Buzau Branch in lei and in foreign currency.

II. Treasury line

Non-binding loan – treasury line - in amount of eur 300,000, contracted from UniCredit Bank SA (contract BUZA/15/2016) to hedge against interest rate risk caused by loan agreement BUZA/010/2015.

- Due date: February 15, 2024
- Guarantees:
 1. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 2. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA Buzau Branch in lei and in foreign currency.

III. Guarantees granted for loans contracted by Group companies
LivingJumbo Industry SA loans

a) Credit line contracted from Banca de Export-Import a Romaniei Eximbank SA within the limit of EUR 2,000,000 (ctr. 9 - ABZ/28.05.2020)

- Outstanding amount as at June 30, 2020: lei 9,156,494 (equivalent of EUR 1,890,939)
- Due on: May 27, 2021
- Securities:
 1. Mortgage without dispossession over machinery belonging to the company estimated at a market value of EUR 1,025,690;
 2. Immovable mortgage without dispossession over Sutco pre-sorting equipment, property of Romcarbon SA, with a market value of EUR 154,690 as per the valuation of July 2019, and a net book value of lei 768,958 at June 30 2020;
 3. Mortgage over the credit balance of the accounts in RON or foreign currency opened by LIVINGJUMBO INDUSTRY SA with EximBank SA – Buzău Branch;
 4. First rank movable mortgage over the present and future receivables arising from the trade relations with its key account business partners (AGFD Tandarei, Agrana Romania) and non-key account business partners (Polimero Bulgaria, Izomer Polonia, Interjute BV, Sigma Bags, ZHP Cerplast Sp ZOO, Baobag Franta, Seven Grup SRL, Belor Romania SRL, KSB Comserv SRL, Hitexim SRL, ICME ECAB SA, Albel Albania) and other key accounts and non-key accounts accepted in advance by the bank;
 5. Movable property mortgage of subsequent rank over the stocks of raw materials, work in progress, finished goods and merchandise registered in accounts 301, 341, 345, 371 property of the borrower;
 6. Fidejussio agreement concluded between the bank and Romcarbon SA;
 7. Blank promissory note, with the mention "No Protest".

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23. BORROWINGS (continued)
LivingJumbo Industry SA loans (continued)
b) Long-term loan contracted from BRD GSG at an initial value of EUR 645,000 (partly contracted)

- Outstanding amount as at June 30, 2020: LEI 1,085,833 (equivalent of EUR 224,239)
- Due on: July 7, 2022
- Securities:
 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 or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch.

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

- Outstanding amount as at June 30, 2020: Lei 884,693 (equivalent of EUR 182,701)
- Due on: February 15, 2024
- Securities:
 1. Immovable property mortgage of subsequent rank over real estate property of Romcarbon SA identified by cadastral no. 67264 (in surface area of 10,037 sq m) and cadastral no. 54304 (in surface area of 16,787 sq m);
 2. Movable property mortgage over the movable assets in the form of inventory property of Romcarbon SA, having a minimum value of EUR 2,000,000;
 3. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2020 of EUR 359,700 and a net book value of lei 1,222,537 as at June 30, 2020;
 4. Mortgage over the accounts opened in LEI and foreign currency with UniCredit Bank SA.

d) Long-term loan contracted from UniCredit Bank SA to co-fund investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" at an initial value of EUR 4,723,205 (partly contracted)

- Outstanding amount as at June 30, 2020: Lei 11,024,329 (equivalent of EUR 2,276,672)
- Due on: February 15, 2024
- Securities:
 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 and foreign currency with UniCredit Bank SA.

e) Long-term loan contracted from BRD GSG at an initial value of EUR 160,000 (partly contracted)

- Outstanding amount as at June 30, 2020: LEI 80,203 (equivalent of EUR 16,563)
- Due on: November 1, 2021
- Securities:
 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 LIVING JUMBO INDUSTRY SA with BRD-GSG – Buzău Branch

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23. BORROWINGS (continued)
Energo Install SRL loans
a) Credit line in amount of lei 1,000,000 to finance the current operations, contracted from Banca de Export-Import a Romaniei Eximbank SA (partly binding)

- Outstanding amount as at June 30, 2020: LEI 585,991
- Due on: October 14, 2020
- Securities:
 1. Guarantee issued by EximBank SA in the name and on account of the State, in amount of LEI 500,000, representing 70% of the exposure value;
 2. Movable property mortgage over 8 equipment owned by the company with a market value of lei 585,991 and a net book value of lei 424,458 at June 30, 2020;
 3. Mortgage over current and future accounts in lei and foreign currency opened RC Energo Install SRL with Exim Bank;
 4. Movable property mortgage over all of the receivables, except Greentech, Greenfiber International and Greenweee International SA;
 5. Blank promissory note, with the mention "No Protest";
 6. Movable mortgage over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, property of Romcarbon SA, with a market value of EUR 836,500 as per the valuation of October 2019, and a net book value of lei 3,233,047 at June 30, 2020.

Credit in amount of lei 1,500,000 to finance the current activity, contracted from Banca de Export-Import a Romaniei Eximbank SA

- Balance at June 30, 2020: lei 750,000 (lei 1,250,000 at December 31, 2019)
- Due date: November 28, 2020
- Securities:
 1. Movable property mortgage over 8 equipment owned by the company with a market value of lei 585,991 and a net book value of lei 424,458 at June 30, 2020;
 2. Mortgage over current and future accounts in lei and foreign currency opened RC Energo Install SRL with Exim Bank;
 3. Movable mortgage over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, property of Romcarbon SA, with a market value of EUR 836,500 as per the valuation of October 2019, and a net book value of lei 3,233,047 at June 30, 2020;
 4. Movable property mortgage over all of the receivables, except Greentech, Greenfiber International and Greenweee International SA;
 5. Blank promissory note, with the mention "No Protest"

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(all amounts are expressed in lei, unless specified otherwise)

24. OTHER CURRENT LIABILITIES

	Current	
	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Liabilities to employees	2,256	1,834
Liabilities related social contributions	1,959	1,363
VAT payable	278	304
Income tax	(290)	119
Tax on salaries	370	319
Other taxes payable	223	427
Other non-trade liabilities		-
Interest payable		-
Total	4,796	4,365

25. TRADE AND OTHER LIABILITIES

	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Trade liabilities	25,985	30,133
Suppliers invoices not received	752	636
Advances to clients	3,292	2,536
Sundry creditors (a)	2,806	1,925
Total	32,835	35,231

At June 30, 2020, sundry debtors include lei 1,591 thousand (December 31, 2019: lei 1,581 thousand), which represents borrowings from natural person shareholders, which will be repaid in 2020 (see note 29).

26. FINANCE LEASE LIABILITIES
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.

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26. FINANCE LEASE LIABILITIES (continued)
Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Present value of finance lease payments				
Amounts due within one year	16	16	15	15
More than one year, but less than 5 years	2	9	2	9
Total lease liabilities	18	25	17	24
Less future finance expenses		-		-
Present value of finance lease payments		-		-
Included in the financial statements as:				
Short-term borrowings		-		-
Long-term borrowings		-		-

27. DEFERED INCOME

As at December 31, 2017 the value of investment subsidies received from the Group amounts to lei 35,232 thousand, as follows:

Romcarbon SA:	LEI 19,940 thousand
LivingJumbo Industry SA:	LEI 15,259 thousand
Project Advice SRL	LEI 33 thousand

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

As at December 31, 2018 the value of investment subsidies received from the Group amounts to lei 31,250 thousand, as follows:

Romcarbon SA:	LEI 17,676 thousand
LivingJumbo Industry SA:	LEI 13,574 thousand

As at December 31, 2019 the value of investment subsidies received from the Group amounts to lei 27,289 thousand, as follows:

Romcarbon SA:	LEI 15,401 thousand
LivingJumbo Industry SA:	LEI 11,887 thousand

As at June 30, 2020 the value of investment subsidies received from the Group amounts to lei 25,381 thousand, as follows:

Romcarbon SA:	LEI 14,270 thousand
LivingJumbo Industry SA:	LEI 11,111 thousand

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. 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 22, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 18, 19 and 20.

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

(b) Main accounting policies

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

(c) Objectives of financial risk management

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

(d) Market risk

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

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

(e) Currency risk management

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

(f) Interest rate risk management

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

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

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(all amounts are expressed in lei, unless specified otherwise)

28. FINANCIAL INSTRUMENTS (continued)
(g) Other risks regarding prices

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

(h) Credit risk management

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

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

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

(i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 32 includes a list of additional facilities not drawn, available to the Group in order to further mitigate liquidity risk.

(j) Fair value of financial instruments

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

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

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

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of such instruments approximate their carrying values. The carrying values represent the Group's maximum exposure to credit risks related to existing receivables.

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28. 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:

June 30, 2020	EUR 1 EUR = LEI 4.8423 thousand LEI	USD 1 USD = LEI 4.3233 thousand LEI	Leu 1 LEI thousand LEI	June 30, 2020 Total thousand LEI
Cash and cash equivalents	3,305	296	8,239	11,840
Receivables and other current assets	12,775	44	28,635	41,454
Other current assets	-	-	1,321	1,321
LIABILITIES				
Trade and other liabilities	6,699	37	26,099	32,835
Other current liabilities	-	-	4,796	4,796
Short and long-term borrowings	70,969	-	6,170	77,139
Short and long-term finance lease liabilities	17			17
December 31, 2019	EUR 1 EUR = LEI 4.7793 thousand LEI	USD 1 USD = LEI 4.2608 thousand LEI	Leu 1 LEI thousand LEI	31-Dec-2019 Total thousand LEI
Cash and cash equivalents	2,073	154	7,537	9,764
Receivables and other current assets	9,618	-	24,843	34,461
Other current assets	244	41	1,188	1,472
LIABILITIES				
Trade and other liabilities	8,500	89	26,643	35,231
Other current liabilities	-	-	4,365	4,365
Short and long-term borrowings	74,050	-	9,865	83,915
Short and long-term finance lease liabilities	31	-	-	31

This is a free translation from the original Romanian version.

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28. 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 year.

	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Loss	(6,016)	(7,546)

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.

June 30, 2020	Less than 1 year	1-2 years	2-5 years	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade liabilities and other	32,835	-	-	32,835
current liabilities	4,796	-	-	4,796
Interest bearing instruments				
Short and long-term borrowings	15	2	-	17
Short and long-term leases	58,785	14,995	3,359	77,139
Non-interest bearing				
Cash and cash equivalents	11,840	-	-	11,840
Receivables and other current assets	41,454	-	-	41,454
December 31, 2019	Less than 1 year	1-2 years	2-5 years	Total
	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Non-interest bearing				
Trade liabilities and other	35,231	-	-	35,231
current liabilities	4,365	-	-	4,365
Interest bearing instruments				
Short and long-term borrowings	-	-	-	-
Short and long-term leases	60,411	18,201	5,483	83,915
Non-interest bearing				
Cash and cash equivalents	9,764	-	-	9,764
Receivables and other current assets	34,461	-	-	34,461

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28. 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:

Company	Counterparty	Turnover (thousand lei) 6 months 2020	Value of receivable (thousand lei) at June 30, 2020	Credit limit	Credit in days
Romcarbon SA	KASAKROM CHEMICALS SRL	6,213	2,168	NO	58
Romcarbon SA	DEDEMAN SRL BACAU	4,076	2,479	NO	90
Romcarbon SA	COMANDOR IMPEX SRL	2.292	716	NO	17
Romcarbon SA	PH BRATPOL JERZY BRATKOWSKI POLONIA - EUR	2,026	845	NO	75
Romcarbon SA	METRO CASH CARRY ROMANIA SRL	1,542	641	NO	60
LivingJumbo Industry SA	MICRO GRUP BUSINESS SOLUTION SRL	5,230	2,934	NO	90
LivingJumbo Industry SA	POLIMERO	3,678	167	NO	35
LivingJumbo Industry SA	BAOBAG	3,255	1,549	NO	60
LivingJumbo Industry SA	EXPERGO BUSINESS NETWORK SRL	2,875	1,019	NO	60
LivingJumbo Industry SA	SIGMA BAGS	2,579	974	NO	60

29. 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:

	June 30, 2020	June 30, 2019
	thousand LEI	thousand LEI
Executive management salaries	1,833	2,055
Benefits for Board of Administration	55	156
Total	1,888	2,211

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

Shareholder borrowings	June 30, 2020	December 31, 2019
	thousand LEI	thousand LEI
WU HUI TZU (Living Jumbo Industry SA)	18	18
LIVING PLASTTIC INDUSTRY SRL (Livingjumbo Industry SA)	1,350	1,350
WINPACK INDUSTRY (Eco Pack Management SRL)	222	216
Total	1,590	1,584

This is a free translation from the original Romanian version.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

29. 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 2020	6 months 2019	6 months 2020	6 months 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Greenfiber International SA	1,372	3,064	26	5,239	192	872	14	8
GREENTEH DOO SERBIA	47	129	4	-	30	34	4	-
Greenglass Recycling SA	-	-	-	-	-	-	-	-
Greentech sa	1,381	1,273	75	51	151	62	8	35
Total Waste Management	23	53	-	-	-	-	-	22
Greenweee International SA	639	246	345	130	39	12	128	67
Green Resources Management SA	60	16	327	56	7	0	66	28
TOTAL	3,522	4,791	777	5,475	419	979	220	160

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30. ACQUISITION OF SUBSIDIARIES

In 2020 the Group did not purchase new subsidiaries.

31. DISPOSAL OF SUBSIDIARIES

At June 30, 2020, the Group sold 9,249 of its 9,250 shares in Project Advice SRL.

32. 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:

	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash at banks	11,740	9,700
Cash on hand	100	64
Cash equivalents	-	-
Total	11,840	9,764

33. INVESTMENT PROPERTY

	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	6,080	6,087
Buildings	7,344	7,346
Total investment property	13,424	13,432

As at June 30, 2020, the parent company owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

In December 2019, in accordance with IFRS5, the asset from Stefanesti, consisting of land with an area of 12,774 sqm located in Stefanestii de Jos, Ilfov County and from the buildings erected on this land, an asset that was the object of a purchase contract concluded with GREEN PC AMBALAJE SRL, has been reclassified from «Real estate investments» into «Assets held for sale». The asset (land and buildings) that was the object of this reclassification has a value of RON 4,297 thousand.

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34. ASSETS HELD FOR SALE

Assets held for sale	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	796	3,394
Buildings	1,613	3,210
Equipment and non-current assets in progress	168	270
Impairment allowances	-	-
Total assets held for sale	2,577	6,873

As of December 31, 2018, the property located in Iasi, Calea Chisinaului, no. 26-29, with a total area of 35,451.18 square meters and a net book value of RON 16,000 thousand, was classified as "Assets held for sale".

During the year 2019, several sales-purchase contracts were signed with Office & Logistic SRL Iasi after which the total area of 35,259.48 sqm of this property was transferred to the buyer.

In December 2019, the assets from Campia Turzii, consisting of land with an area of 38,235 square meters and of the buildings built on this land were reclassified from «Property, Plant & Equipment» to «Assets held for sale». The asset (land, buildings and equipment) that was the object of this reclassification has a value of RON 2,506 thousand.

The assets held for sale have the following geographical distribution:

Assets held for sale	June 30, 2020	December 31, 2019
	<i>thousand LEI</i>	<i>thousand LEI</i>
Iasi	70	70
Stefanesti	-	4,297
Campia Turzii	2,507	2,506
Total	2,577	6,873

On 31.01.2020, the sale was completed according to the pre-contract of sale purchase no.1830 from 18.12.2019, concluded with GREEN PC AMBALAJE S.R.L. (as buyer) representing the value of a building located in Ilfov, Stefanestii de Jos, Str. Sinaia no.15, with a total area of 12,774 sqm, of which 4,928 sqm built area, according to the purchase agreement no. 183 of 31.01.2020 for which the price of RON 3,987 thousand was cashed (equivalent of EUR 834 thousand).

35. 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.

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(all amounts are expressed in lei, unless specified otherwise)

35. COMMITMENTS AND CONTINGENCIES (continued)**Potential tax liabilities (continued)****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.

36. SUBSEQUENT EVENTS

There are no significant subsequent events.

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