

S.C. ROMCARBON S.A.

HY Report regarding Consolidated
Financial Statements for the period
ended June 30, 2019

HALF-YEAR REPORT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

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S.C. ROMCARBON S.A.

Company Identification

Half-Year report according with FSA regulation 5/2018

Date of release: 30.08.2019

Reporting date: 30.06.2019

Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , Str. Transilvaniei, nr.132

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

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

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

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



LANGUAGE DISCLAIMER

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



MANAGEMENT DECLARATION

Undersigners

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

Declare that the Consolidated Financial Statements for the period ended June, 30 2019 prepared in accordance with IFRS, give, to the best of our knowledge, a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with FSA requirements, gives a true and fair view of the activity of ROMCARBON SA and its subsidiaries.

Chairman of the Board

Huang Liang Neng

General Manager: ing.Andrei Radu

Financial Manager :ec. Zainescu Viorica Ioana



**Thinking
forward**

ACTIVITY OF THE GROUP OF COMPANIES

As of June 30, 2019 SC ROMCARBON SA Buzau holds directly and/or indirectly participation interests in the capital of 13 companies:

Company	30/06/2019		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%	99.24%	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
PROJECT ADVICE STL	99.00%	99.00%	Global
ASOCIATIA ECOLOGICA GREENLIFE	44.84%	44.84%	Equity method
YENKI SRL	33.34%	33.34%	Equity method
KANG YANG BIOTECHNOLOGY CO.LTD	1.95%	1.95%	Outside the consolidation area
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area

As of June 30, 2019 The Group holds indirectly participation interests in the capital of the following companies:

Company	30/06/2019	
	Interest held	Control held
ROMGREEN UNIVERSAL LTD CIPRU	17.5879%	17.5879%
GREENLAMP RECICLARE SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL SA	17.5879%	17.5879%
GREENWEEE INTERNATIONAL HUNGARY KFT	17.5879%	17.5879%
GREENTECH SA	17.5875%	17.5875%
GREENGLASS RECYCLING SA	12.3116%	12.3116%
GREENFIBER INTERNATIONAL SA	17.4682%	17.4682%
GREENTECH DOO SERBIA	15.7214%	15.7214%
GREENTECH RECYCLING DEUTSCHLAND GMBH	17.4682%	17.4682%
GREENTECH DOO MACEDONIA	15.6288%	15.6288%
TOTAL WASTE MANAGEMENT SRL	17.4743%	17.4743%
GREEN RESOURCES MANAGEMENT S.A.	11.6839%	11.6839%
GREENTECH BALTIC UAB LITUANIA	12.7932%	12.7932%

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 2019**PRESENTATION OF THE GROUP'S COMPANIES**

As at June 30, 2019 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD is a company established in 2011, having a share capital of Lei 112,532 (EUR 26,000) wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 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 73.88% indirectly. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, 132 Transilvaniei street, Building PSI, room 6. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

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

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, with a share capital of lei 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).

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

PROJECT ADVICE SRL is a company established in 2010, having a share capital of lei 500, out of which SC Romcarbon SA indirectly holds 99%. The company's main office is located in 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.

ROMGREEN UNIVERSAL LTD Cyprus is a company established in 2011, with a share capital of lei 177,858 (EUR 39,800), where SC Romcarbon SA indirectly holds 17.5879% of the shares through Recyplat LTD Cyprus. The company's main office is located in 2 Prodromou & Dimitrakopoulou, 5th floor, 1090, Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

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

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

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

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

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

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

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

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

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

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12.3116% of the shares. The remaining shares are held by natural and legal persons. The company's share capital is lei 6,750,000.

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 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 object of activity is Business and other management consultancy activities (NACE code 7022).

GREENTECH BALTIC UAB LITUANIA is a company established in 2016 where SC Romcarbon SA indirectly holds 12.79%. The company's main office is located in Vilnius, Sandeliu g.16. The company's share capital is lei 8,444,696 (EUR 1,852,500). The company's object of activity is commercial, economic, financial and industrial activity.

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 2019:

ROMCARBON SA – General manager – Radu Andrei
 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
 GREENLAMP RECICLARE S.A. –General manager Costache Iulian Marius
 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- director, Mihai Zamfir – Chairman of the Board, Marin Georgian Ionut- director
 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 –Georgescu Alina
 GREENTECH BALTIC UAB LITUANIA – Director VLADAS VENSKUTONIS

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

Nr.Crt.	Indicator [KRON]	HY2017	HY2018	HY2019
1	Revenues (Net sales)	124,258	128,475	121,794
2	Total revenues	135,052	140,829	132,391
3	Total expenses	137,487	139,622	133,555
4	Net Profit of the Year	-2,435	1,207	-1,164
5	Profit attributable to the Parent Company	-2,410	1,235	-1,144

ACTIVITY OF THE GROUP OF COMPANIES

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

Company	Net Profit/loss (KRON)	Attributable to the Parent	Attributable to the Non Controlling interests
Romcarbon SA	25	25	0
Living Jumbo Industry SA	-2,004	-2,001	-3
RC Energo Install SRL	36	36	0
Infotech Solutions SRL	58	58	1
Grinfild Ucraina	0	0	0
Grinruh Ucraina	0	0	0
Recyplat Ltd Cipru	-9	-9	0
Romcarbon Deutschland GmbH	0	0	0
Eco Pack Management SA	-48	-48	0
Project Advice SRL	-12	-12	0
Ajustari consolidate	790	807	-17
Total	-1,163	-1,144	-20

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



FINANCIAL STATEMENTS

A.) STATEMENTS OF THE FINANCIAL POSITION

KRON

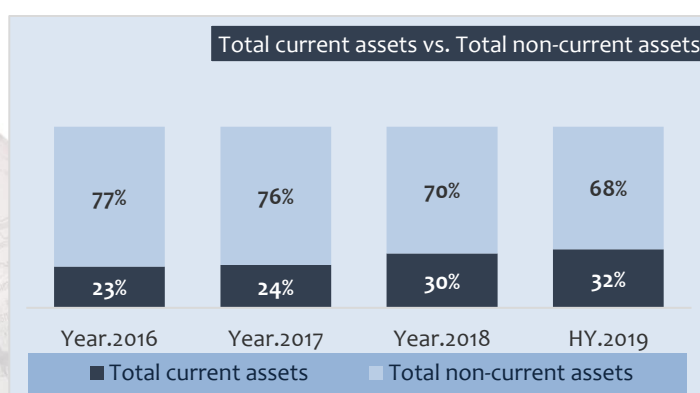
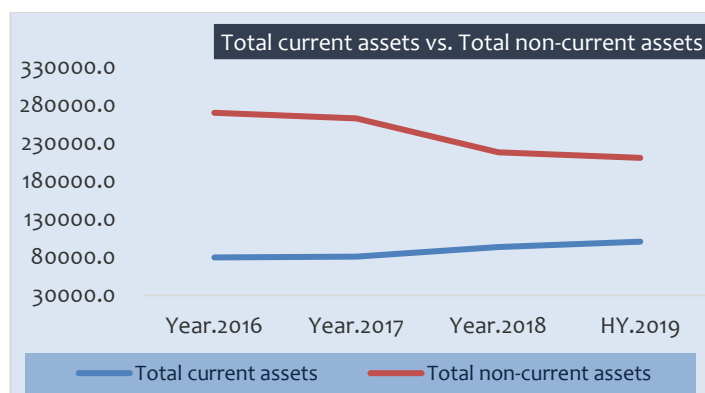
Indicator	30/06/2018	31/12/2018	30/06/2019	2019 vs. 2018		
Property, plant and equipment	177,506	172,357	164,440	-7,917	▼	-4.59%
Investment property	46,444	18,034	18,034	0	—	0.00%
Goodwill	143	143	143	0	—	0.00%
Other intangible assets	200	90	355	265	▲	294.44%
Investments in associates	28,714	27,103	27,610	507	▲	1.87%
Financial assets	197	197	197	0	—	0.00%
Total non-current assets	253,204	217,924	210,779	-7,145	▼	-3.28%
Inventories	34,041	36,548	40,124	3,576	▲	9.78%
Assets classified as held for sale	0	16,000	15,608	-392	▼	-2.45%
Trade and other receivables	39,931	30,295	38,218	7,923	▲	26.15%
Other current assets	1,931	1,001	1,077	76	▲	7.59%
Cash and bank balances	14,048	9,791	5,528	-4,263	▼	-43.54%
Total current assets	89,951	93,636	100,555	6,920	▲	7.39%
Total assets	343,154	311,560	311,336	-224	▼	-0.07%
Issued capital	26,412	26,412	26,412	0	—	0.00%
Share premium	2,182	2,182	2,182	0	—	0.00%
Reserves	37,812	38,677	37,974	-703	▼	-1.82%
Retained earnings	81,297	74,357	73,324	-1,033	▼	-1.39%
Equity attributable to equity holders of the parent	147,704	141,629	139,892	-1,737	▼	-1.23%
Non-controlling interests	979	939	919	-20	▼	-2.13%
Total Equity	148,683	142,568	140,811	-1,757	▼	-1.23%
Borrowings [Long-term]	46,066	37,241	31,862	-5,379	▼	-14.44%
Long term finance leases and other interest bearing obligations	0	24	17	-7	▼	-29.17%
Deferred tax liabilities	10,758	8,902	8,897	-5	▼	-0.06%
Non-current provisions	264	285	284	-1	▼	-0.35%
Deferred income	29,275	27,301	25,292	-2,009	▼	-7.36%
Total non-current liabilities	86,363	73,753	66,352	-7,401	▼	-10.03%
Trade and other payables	40,960	34,353	41,566	7,213	▲	21.00%
Borrowings [Short-term]	58,939	52,593	53,904	1,311	▲	2.49%
Short term finance leases and other interest bearing obligations	0	14	15	1	▲	7.14%
Deferred revenue	4,043	3,998	4,034	36	▲	0.90%
Other current liabilities	4,167	4,282	4,654	372	▲	8.69%
Total current liabilities	108,109	95,240	104,173	8,933	▲	9.38%
Liabilities	194,472	168,993	170,525	1,532	▲	0.91%
Equity and Liabilities	343,154	311,560	311,336	-224	▼	-0.07%

	HY 2017	HY 2018	HY 2019
Average no. of employees	1,653	1,680	1,595

The participation of the consolidated companies in the indicators of the Statement of Financial Position in the 1st Semester of 2019 is presented in the table below

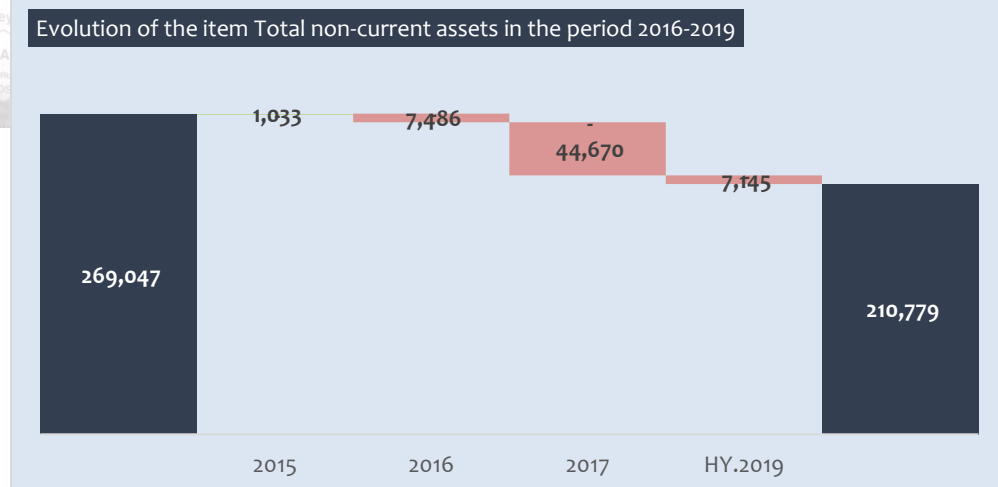
Company	KRON			
	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	170,237	85,838	42,159	76,984
LivingJumbo Industry SA	39,430	33,446	24,178	47,531
RC Energo Install SRL	452	3,581	0	567
InfoTech Solutions SRL	61	245	12	135
Grinfeld Ucraina	4,427	-866	0	5
Grinruh Ucraina	1,186	1,008	0	7
Recyplat Limited Cipru	20,608	7	0	7
Romcarbon Deutschland GmbH	0	9	3	27
Eco Pack Management SA	137	181	0	1,192
Project Advice SRL	0	189	0	101
Consolidation adjustments	-25,758	-23,084	1	-22,384
Total	210,779	100,555	66,352	104,173

ASSETS



NON-CURRENT ASSETS

Non-current assets have a weight in Total Assets of 67.70% recording a decrease of LEI 7,145 thousand, i.e. 3.28%, as compared with the beginning of the year.

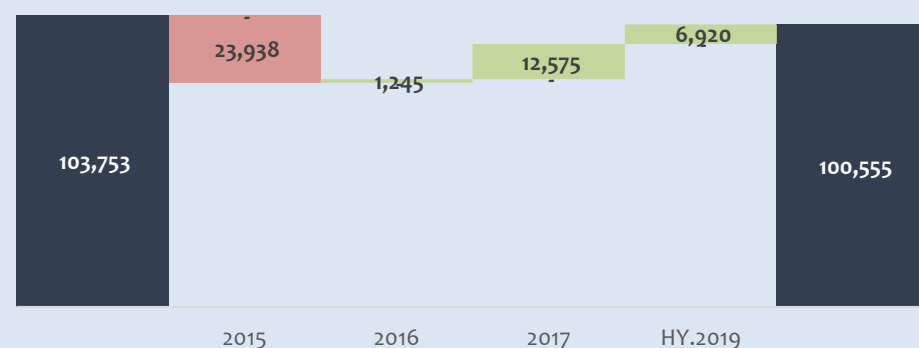


Non-current assets (NCA)	30/06/2019	% in total NCA	% in total Assets	30.06.19 vs. 31.12.18
Property, plant and equipment	164,440	78.02%	52.82%	-4.59%
Investment property	18,034	8.56%	5.79%	0.00%
Goodwill	143	0.07%	0.05%	0.00%
Other intangible assets	355	0.17%	0.11%	294.44%
Investments in associates	27,610	13.10%	8.87%	1.87%
Financial assets	197	0.09%	0.06%	0.00%
Total Non-current assets	210,779	100.00%	67.70%	-3.28%

CURRENT ASSETS

Current assets have a weight in Total Assets of 32.30% recording an increase of LEI 6,920 thousand, i.e. 7.39%, as compared with the beginning of the year.

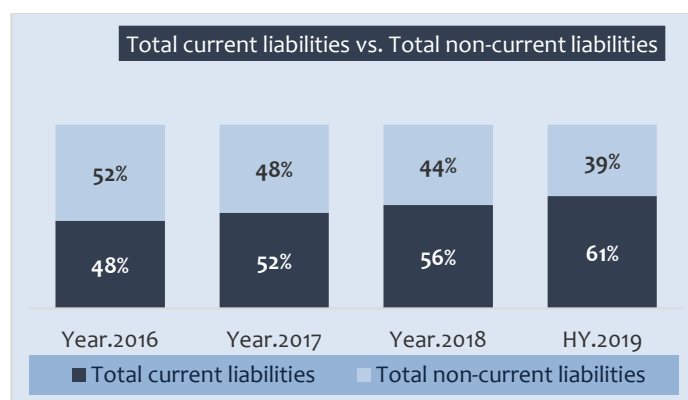
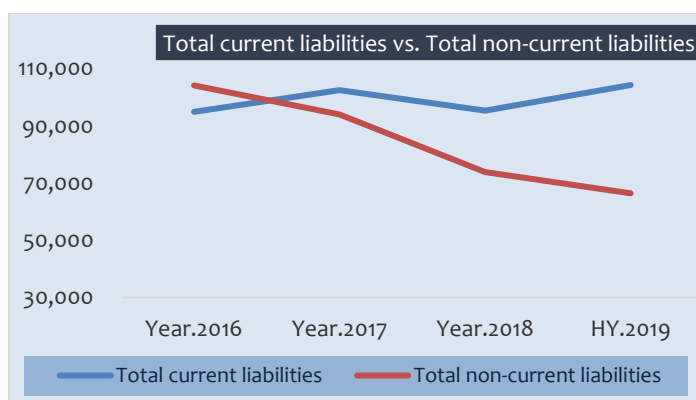
Evolution of the item Total current assets in the period 2016-2019

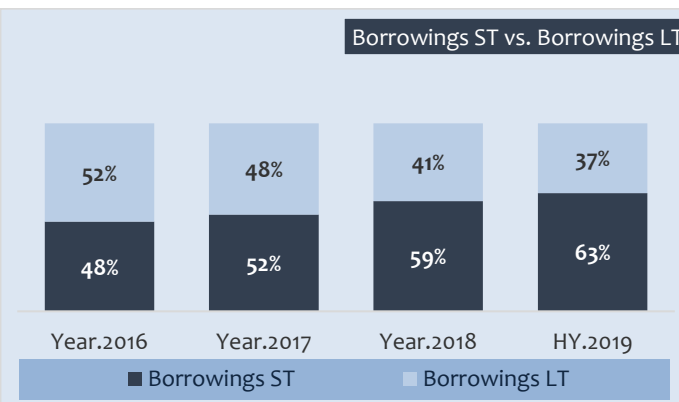
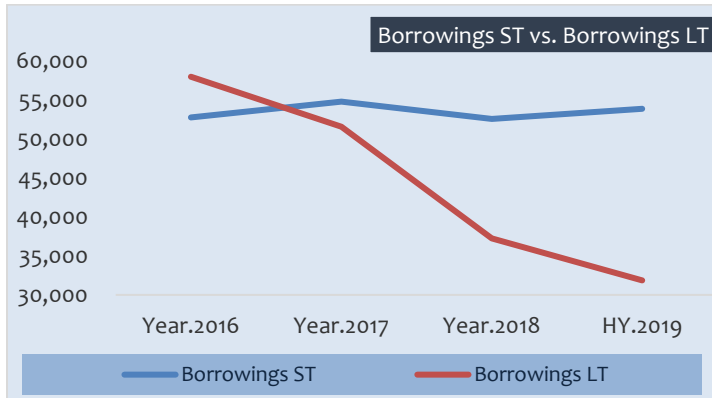


Current assets	30/06/2019	% in total CA	% in Total Assets	30.06.19 vs. 31.12.18
Inventories	40,124	39.90%	12.89%	9.78%
Assets classified as held for sale	15,608	15.52%	5.01%	-2.45%
Trade and other receivables	38,218	38.01%	12.28%	26.15%
Other current assets	1,077	1.07%	0.35%	7.59%
Cash and bank balances	5,528	5.50%	1.78%	-43.54%
Total Current assets	100,555	100.00%	32.30%	7.39%

LIABILITIES

Total Liabilities hold 54.77% of the Group's Equity&Liabilities recording an increase of lei 1,532 thousand, i.e. 0.91% as compared with the beginning of the year.



BORROWINGS


Short-term borrowings have the following structure :

		KRON		
Company	Type	30/06/2018	31/12/2018	30/06/2019
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	186	187	59
LivingJumbo Industry SA	Credit line in euro- UniCredit Bank SA	3,262	0	1,799
LivingJumbo Industry SA	Credit line in euro – BRD	9,137	8,417	7,758
LivingJumbo Industry SA	Investment loan in euro - CCE project 2015 - UniCredit Bank SA	3,145	3,147	3,195
LivingJumbo Industry SA	Investment loan in euro [2015]- UniCredit Bank SA	404	405	411
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	502	502	510
Romcarbon SA	Credit line in euro – BRD	10,592	11,644	11,938
Romcarbon SA	Credit line in euro – UniCredit Bank SA	22,873	20,447	20,264
Romcarbon SA	Investment loan in euro-BRD [II]	582	583	592
Romcarbon SA	Investment loan in euro-BRD [III]	2,100	736	747
Romcarbon SA	Investment loan in euro – CCE project 2015 - UniCredit Bank SA	2,028	2,029	2,060
Romcarbon SA	Investment loan in euro-UniCredit [I]	500	500	500
Romcarbon SA	Investment loan in euro-UniCredit [II]	306	306	306
Romcarbon SA	Investment loan in euro-UniCredit [III]	527	527	535
Romcarbon SA	Investment loan in euro-UniCredit [IV]	1,078	1,078	1,078
Romcarbon SA	Investment loan in euro-UniCredit [V]	532	532	532
Romcarbon SA	Investment loan in lei I - Eximbank SA	1,024	1,024	1,024
Romcarbon SA	Investment loan in lei II - Eximbank SA	162	531	597
Total		58,939	52,593	53,904

Long-term borrowings have the following structure :

Company	Type	30/06/2018	31/12/2018	30/06/2019
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	124	31	78
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	1,547	1,297	1,062
LivingJumbo Industry SA	Investment loan in euro [2015]- UniCredit Bank SA	13,757	12,192	10,780
LivingJumbo Industry SA	Investment loan in euro - CCE project 2015 - UniCredit Bank SA	1,256	1,054	865
Romcarbon SA	Investment loan in euro-BRD [II]	1,941	1,651	1,381
Romcarbon SA	Investment loan in euro-BRD [III]	5,424	1,533	1,183
Romcarbon SA	Investment loan in euro-UniCredit [I]	2,040	1,790	1,540
Romcarbon SA	Investment loan in euro-UniCredit [II]	689	536	383
Romcarbon SA	Investment loan in euro-UniCredit [III]	1,185	922	669
Romcarbon SA	Investment loan in euro-UniCredit [IV]	2,695	2,156	1,617
Romcarbon SA	Investment loan in euro-UniCredit [V]	1,507	1,241	975
Romcarbon SA	Investment loan in lei I - Eximbank SA	3,071	2,559	2,048

S.C. ROMCARBON SA.- 2019 HY REPORT – CONSOLIDATED FINANCIAL STATEMENTS

Company	Type	30/06/2018	31/12/2018	30/06/2019
Romcarbon SA	Investment loan in lei II - Eximbank SA	1,135	1,592	1,492
Romcarbon SA	Investment loan in euro - CCE project 2015 - UniCredit Bank SA	9,695	8,686	7,789
Total		46,066	37,241	31,862

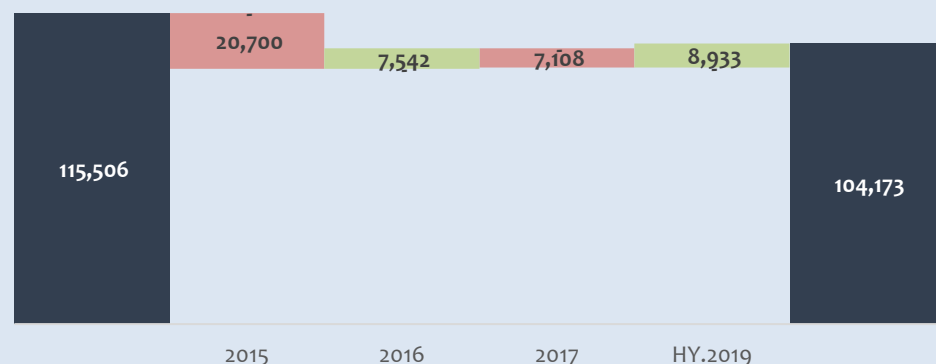
The installments of the investment loans due within 12 months are recognized as Short term loans.

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 61.09% and in Total Equity and Liabilities of 33.46% recording an increase of LEI 8,933 thousand, i.e. 9.38%, as compared with the beginning of the year.

Evolution of the item Total current liabilities in the period 2016-2019

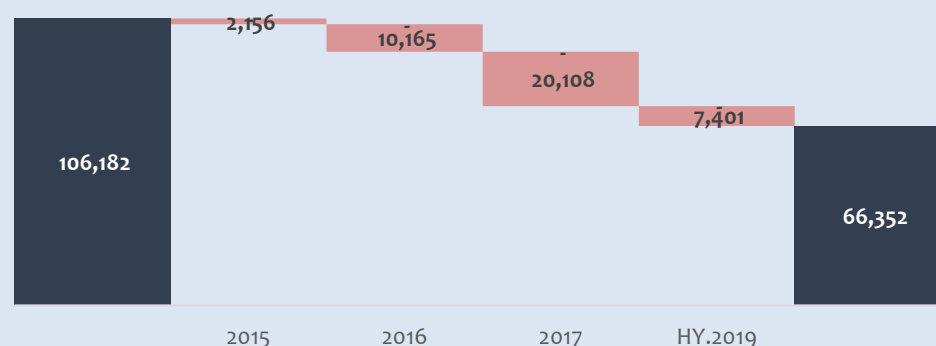


Current liabilities	30/06/2019	% in total liabilities	% in Total current liabilities	% in Total liabilities and Equity	30.06.19 vs. 31.12.18
Datorii comerciale	41,566	24.38%	39.90%	13.35%	21.00%
Imprumuturi TS	53,904	31.61%	51.74%	17.31%	2.49%
Leasinguri financiare si alte datorii purtatoare de dobanda TS	15	0.01%	0.01%	0.00%	7.14%
Venituri in avans TS	4,034	2.37%	3.87%	1.30%	0.90%
Alte datorii curente	4,654	2.73%	4.47%	1.49%	8.69%
Datorii curente	104,173	61.09%	100.00%	33.46%	9.38%

NON-CURRENT LIABILITIES

Non-current liabilities have a weight in Total Equity and Liabilities of 38.91% recording a decrease of LEI 7,401 thousand, i.e. 10.03%, as compared with the beginning of the year.

Evolution of the item Total non-current liabilities in the period 2016-2019

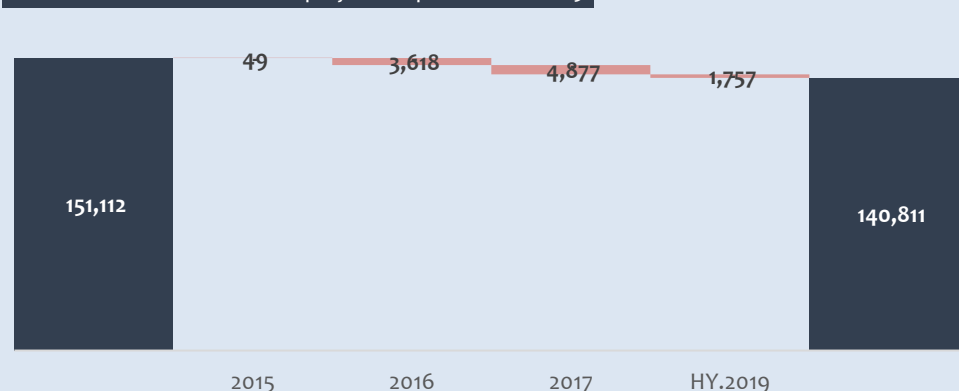


Non-current liabilities	30/06/2019	% in total liabilities	% in Total current liabilities	% in Total liabilities and Equity	30.06.19 vs. 31.12.18
Borrowings [Long-term]	31,862	18.68%	48.02%	10.23%	-14.44%
Long term finance leases and other interest bearing obligations	17	0.01%	0.03%	0.01%	-29.17%
Deferred tax liabilities	8,897	5.22%	13.41%	2.86%	-0.06%
Non-current provisions	284	0.17%	0.43%	0.09%	-0.35%
Deferred income	25,292	14.83%	38.12%	8.12%	-7.36%
Total	66,352	38.91%	100.00%	21.31%	-10.03%

EQUITY

The Equity have a weight in Total Equity and Liabilities of 45.23% recording a decrease of LEI 1,757 thousand, i.e. 1.23%, as compared with the beginning of the year.

Evolution of the item Total equity in the period 2016-2019



Equity	30/06/2019	30.06.19 vs. 31.12.18
Issued capital	26,412	0.00%
Share premium	2,182	0.00%
Reserves	37,974	-1.82%
Retained earnings	73,324	-1.39%
Equity attributable to equity holders of the parent	139,892	-1.23%
Non-controlling interests	919	-2.13%
Total Equity	140,811	-1.23%

B.)STATEMENT OF THE COMPREHENSIVE INCOME

KRON

	HY2017	HY2018	HY2019		2019 vs.2018	
Revenues	124,258	128,475	121,794	▼	-6,681	-5%
Other income	1,975	2,008	2,076	▲	68	3%
Investment income	1,007	828	923	▲	95	11%
Other gains and losses	-1,297	3,591	1,148	▼	-2,443	-68%
Changes in inventories of finished goods and work in progress	3,318	955	2,554	▲	1,599	167%
Raw materials and consumables used	-84,589	-83,204	-77,898	▼	5,306	-6%
Depreciation and amortization expense	-8,045	-8,255	-8,154	▼	101	-1%
Employee salaries expenses and social security	-29,833	-32,428	-33,783	▲	-1,355	4%
Finance costs	-1,299	-1,391	-1,418	▲	-27	2%
Other expenses	-8,419	-9,321	-9,132	▼	189	-2%
Share of profit/loss of associates	599	-33	831	▲	864	-2618%
Profit (loss) before taxation	-2,325	1,225	-1,060	▼	-2,285	-186%
Profit tax	-112	-18	-104	▲	-86	478%
Profit/loss of the period(from operations), attributable to:	-2,437	1,206	-1,164	▼	-2,370	-196%
Owners of the parent company	-2,410	1,235	-1,144	▼	-2,379	-193%
Non-controlling interests	-25	-28	-20	▼	8	-29%
Profit/loss of the period	-2,435	1,207	-1,164	▼	-2,370	-196%

	HY2017	HY2018	HY2019	2019 vs.2018
Exchange difference on translating foreign operations	-78	-53	1 ▼	54 -102%
Comprehensive profit/loss, attributable to:	-2,513	1,154	-1,163 ▲	-2,317 -201%
Owners of the parent company	-2,410	1,182	-1,144 ▼	-2,325 -197%
Non-controlling interests	-103	-28	-20 ▼	8 -29%

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	6M2017 [KRON]	% in total	6M2018 [KRON]	% in total	6M2019 [KRON]	% in total	2019 vs.2018
Romcarbon SA	97,423	69.55%	100,366	68.25%	95,719	67.72%	-4.63%
LivingJumbo Industry SA	39,342	28.09%	42,974	29.22%	42,940	30.38%	-0.08%
RC Energo Install SRL	2,717	1.94%	2,829	1.92%	2,129	1.51%	-24.74%
Eco Pack Management SA	1	0.00%	-	0.00%	-	0.00%	
Info Tech Solutions SRL	594	0.42%	886	0.60%	559	0.40%	-36.93%
Total, out of which:	140,077	100.00%	147,056	100.00%	141,348	100.00%	-3.88%
Within the group	15,818	11.29%	18,581	12.64%	19,554	13.83%	5.24%
Outside the group	124,259	88.71%	128,475	87.36%	121,794	86.17%	-5.20%

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

	6M 2017	% in total	6M 2018	% in total	6M 2019	% in total	KRON 2019 vs.2018
Revenues (Net sales)							
Sales of finished goods (701+709)	97,021	78%	108,638	85%	104,686	86%	-3.64%
Sales of intermediary goods	8,770	7%	6,858	5%	6,485	5%	-5.43%
Sales of residual products	53	0%	208	0%	250	0%	20.45%
Services rendered	1,994	2%	1,980	2%	1,193	1%	-39.72%
Sales of goods purchased for resale	16,084	13%	10,442	8%	8,923	7%	-14.54%
Revenues from sundry services	335	0%	351	0%	256	0%	-27.08%
Total	124,258	100%	128,475	100%	121,794	100%	-5.20%

D.) STATEMENT OF THE CASH-FLOW

	HY 2018	YEAR 2018	HY 2019
Cash generated from operations (A)	4,953	9,438	535
Net cash (used in)/generated by investing activities(B)	4,584	12,983	-724
Net cash generated/used by/in financing activities (C)	-1,486	-18,627	-4,074
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	8,051	3,794	-4,263
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,997	5,997	9,791
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	14,048	9,791	5,528

E.) FINANCIAL RATIOS

Indicator	Formula	HY 2017	HY 2018	HY 2019
EBIT	Gross profit + Expenses with interests	(1,144)	2,444	76
EBITDA	EBIT + Depreciation-Subsidies for investment	4,925	8,691	6,154
Sales	Revenue + Rental and royalty income	125,242	129,301	122,713
EBITDA to sales ratio	EBITDA/Sales	3.93%	6.72%	5.01%
EBITDA to Equity ratio	EBITDA/Equity	3.31%	5.85%	4.37%
Gross profit margin	Gross profit/Sales	-1.86%	0.95%	-0.86%
Current ratio	Current assets/Current liabilities	0.79	0.83	0.97
Quick ratio	(Current assets-Inventories)/Current liabilities	0.44	0.52	0.58
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	66%	58%	47%
Total liabilities to Assets ratio	Total liabilities/Total Assets	58%	57%	55%
Interest coverage ratio	EBIT/Interest expenses	(0.97)	2.00	0.07
Account receivable turnover ratio	Average receivables/Sales (days)	46	53	50
Account payable turnover ratio	Average payables/Sales (days)	54	55	56
Return on assets (ROA)	Net profit/Assets	-0.6962%	0.3517%	-0.3739%
Return on equity (ROE)	Net profit/Equity	-1.6387%	0.8118%	-0.8266%
Return on sales (ROS)	Net profit/Sales	-1.9442%	0.9335%	-0.9486%

STRUCTURE OF SHAREHOLDERS

As at 30.06.2019 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	17,985,871	6.81%
INDIVIDUALS	105,166,628	39.82%
Total	264,122,096	100.00%

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Evolution of the price of Romcarbon SA shares in the first 6 months of 2019.



Please note that the Consolidated Financial Statements for the period ended June 30, 2019 have not been audited.

Chairman of the Board

Huang Liang Neng

General Manager: ing.Andrei Radu

Financial Manager :ec. Zainescu Viorica Ioana

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ROMCARBON SA AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019

**Prepared in accordance with International Financial Reporting Standards as adopted
by the European Union**



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ROMCARBON S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2019

	Note	Period ended June 30, 2019 <i>thousand LEI</i>	Period ended June 30, 2018 <i>thousand LEI</i>
Revenues	3	121,794	128,475
Other income		2,076	2,008
Investment income		923	828
Other gains or losses	5	1,148	3,591
Changes in finished products and production in progress		2,554	955
Raw materials and consumables used	4	(77,898)	(83,204)
Depreciation and amortization expense	6	(8,154)	(8,255)
Employee salaries and social security	7	(33,783)	(32,428)
Finance costs	8	(1,418)	(1,391)
Other expenses	9	(9,132)	(9,321)
Share of profit / loss of associates	14	831	(33)
Profit / (loss) before taxation		(1,060)	1,225
Income tax expense	10	(104)	(18)
Profit / (loss) for the year from operations		(1,164)	1,207
Profit / (loss) for the year		(1,164)	1,207
Attributable to:			
Owners of the parent		(1,144)	1,235
Non-controlling interests		(20)	(28)
From core operations:			
RON (cents per share)		(0.004)	0.005
Average number of shares (thousand shares)		264,122	264,122

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 28, 2019

HUANG LIANG NENG,
Administrator

PREPARED,
VIORICA ZAINESCU,
Chief Financial Officer

RADU ANDREI,
Chief Executive Officer

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.

ROMCARBON S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2019

	Note	Period ended June 30, 2019 thousand LEI	Period ended June 30, 2018 thousand LEI
Comprehensive income			
Other comprehensive income subsequently transferred to profit or loss:			
Exchange differences on translating foreign operations	1		(4)
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	-		(49)
Comprehensive income of the year			
Attributable to:			
Owners of the parent	-		(49)
Non-controlling interests	-		-
		(1,163)	1,153
Total comprehensive income		(1,143)	1,182
Owners of the parent	(20)		(28)

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ROMCARBON S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED JUNE 30,
2019

	Note	June 30, 2019	December 31, 2018
		<i>thousand LEI</i>	<i>thousand LEI</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	164,440	172,357
Investment property	32	18,034	18,035
Goodwill	12	143	143
Other intangible assets	13	355	90
Investment in associates	14	27,610	27,103
Financial assets	14	197	197
Total Non-current assets		210,779	217,925
Current assets			
Inventories	15	40,124	36,548
Trade and other receivables	16	38,218	30,295
Other current assets	17	1,077	1,002
Cash and bank balances	31	5,528	9,791
Assets held for sale	33	15,608	16,000
Total Current assets		100,555	93,636
Total assets		311,336	311,560
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	18	26,412	26,412
Share premiums		2,182	2,182
Reserves	19	37,974	38,677
Retained earnings	20	73,324	74,357
Equity attributable to owners of the parent		139,892	141,629
Non-controlling interest	21	919	939
Total equity		140,811	142,567

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	Note	June 30, 2019 thousand LEI	December 31, 2018 thousand LEI
Non-current liabilities			
Long-term borrowings	22	31,862	37,241
Finance lease liabilities	22	17	24
Deferred tax liabilities	10	8,897	8,902
Other non-current liabilities with provisions		284	285
Deferred income	26	25,292	27,301
Total non-current liabilities		66,352	73,753
Current liabilities			
Trade and other liabilities	24	41,566	34,353
Short-term borrowings	22	53,904	52,593
Finance leases	22	15	14
Deferred income		4,034	3,998
Other current liabilities	23	4,654	4,282
Total current liabilities		104,173	95,240
Total liabilities		170,525	168,993
Total Equity and Liabilities		311,336	311,560

**Thinking
forward**

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ROMCARBON S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2019

	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 01, 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 of the period	-	-	-	-	-	(1,144)	(1,144)	(20)	(1,164)
Items transferred to comprehensive income	-	-	(381)	-	-	381	-	-	-
Corrections	-	-	-	-	(323)	(270)	(593)	-	(593)
Dividends distribution	-	-	-	-	-	-	-	-	-
June 30, 2019	26,412	2,182	39,371	-	(1,397)	73,324	139,892	919	140,811

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ROMCARBON S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2019

	Share capital	Share premium s	Revaluation reserves	Other reserves	Exchange differences on translating foreign operations	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
January 01, 2018	26,412	2,182	39,348	-	(1,076)	79,571	146,437	1,007	147,445
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
Realized revaluation reserve	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(49)	-	(49)	-	(49)
Net profit of the period	-	-	-	-	-	1,235	1,235	(28)	1,207
Items transferred to comprehensive income	-	-	(406)	-	-	406	-	-	-
Corrections	-	-	-	-	(5)	85	81	-	81
Dividends distribution	-	-	-	-	-	-	-	-	-
June 30 , 2018	26,412	2,182	38,942	-	(1,130)	81,297	147,704	979	148,684

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ROMCARBON S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2019

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>Thousand lei</i>	<i>Thousand lei</i>
Cash flows from operating activities:		
Gross profit/loss of the period	(1,060)	1,225
Finance expenses recognized in profit	1,418	1,391
Gains from investments recognized in profit	(3)	(2)
Gain / (Loss) on sale or disposal of fixed assets	226	(23)
Gain / (Loss) on sale or disposal of property investment	-	(3,553)
Loss on impairment of trade receivables	24	-
Loss on impairment of non-current assets	-	-
Amortization / Depreciation of non-current assets	8,154	8,255
Proceeds from the alienation of subsidiaries	-	-
Net gain / loss on foreign exchange	1,101	(49)
Gain / Loss on investment	-	-
Gain / Loss on revaluation of investment property	-	-
Subsidies	(2,076)	(2,008)
Gain on share of profit of associates	(831)	33
Increase / Decrease in provisions	-	-
Increases in deferred income	-	-
Movements in working capital		
(Increase) / Decrease in trade and other receivables	(5,915)	(3,695)
(Increase) / Decrease in inventories	(3,968)	4,193
(Increase) / Decrease in other assets	(2,109)	(1,340)
Increase / (Decrease) in trade and other payables	6,627	2,222
Increase / (Decrease) in other payables	372	21
Increase / (Decrease) in deferred tax	98	-
Cash generated by/used in operating activities	2,057	6,671
Interest paid	(1,136)	(1,219)
Income tax paid	(104)	(328)
Bank commissions paid	(282)	(172)
Net cash generated by operating activities	535	4,953

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ROMCARBON S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2019

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>Thousand lei</i>	<i>Thousand lei</i>
Cash flows from investing activities		
Payments for property, plant and equipment	(880)	(2,387)
Payments for intangible assets	-	-
Proceeds from disposal of property, plant and equipment	153	-
Proceeds from disposal of property investment	-	6,968
Proceeds from subsidies	-	-
Payments for financial asstes	-	-
Interest received	3	2
Proceeds from disposal of financial assets	-	-
Net cash generated by/used in investing activities	(724)	4,584
Cash flows from financing activities		
Proceeds from capital increase	-	-
Proceeds from/Repayment of borrowings	(4,068)	(1,399)
Lease payments	(6)	(87)
Payments for purchasing non-controlling shares	-	-
Proceeds from subsidiary acquisition	-	-
Dividends paid	-	-
Net cash generated by financing activities	(4,074)	(1,486)
Net decrease / (increase) in cash and cash equivalents	(4,263)	8,051
Cash and cash equivalents at the beginning of the year	9,791	5,997
Cash from subsidiaries acquired during the year	-	-
Cash and cash equivalents at the end of the year	5,528	14,048

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 28, 2019

HUANG LIANG NENG,
Administrator

PREPARED,
VIORICA ZAINESCU,
Chief Financial Officer

RADU ANDREI,
Chief Executive Officer

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.

1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Buzau, 132 Transilvaniei street 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, 2019 the Parent's shares were traded on the BSE and its main shareholders were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, Unitai International Corporation.

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

As at June 30, 2019 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 Buzau, 132 Transilvaniei street. 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. holds 99.86% of the shares and the remaining shares are held by legal persons. The company's main office is located in Buzau, 132 Transilvaniei street. 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 Buzau, 132 Transilvaniei street. 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 25.00% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

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. The company ceased its activity in 2012.

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. The company ceased its activity in 2012.

"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.

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 Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

PROJECT ADVICE SRL is a company established in 2010, where SC Romcarbon SA indirectly holds 99.86%. The company's main office is located in Buzau, 132 Transilvaniei street, Administrative building, room 24, 2nd floor. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities. As presented in note 29, this subsidiary was purchased in 2017.

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).

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

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

1. GENERAL INFORMATION (continued)

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

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

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

GREEN RESOURCES MANAGEMENT is a company established in 2016 where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in 164A Barbu Vacarescu street, Office buildings C3, room 18-22 Bucharest, sect 2. The company's object of activity is Business and other management consultancy activities (NACE code 7022).

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



1. GENERAL INFORMATION (continued)

Name	Place of establishment	Object of activity	Interest %	Control %	Cost as at June 30, 2019	Interest %	Control %	Cost as at December 31, 2018
S.C. GREENWEEE INTERNATIONAL S.A.	Romania	Dismantling of wrecks for materials recovery	17.59%	17.59%	-	17.59%	17.59%	-
GREENFIBER INTERNATIONALS.A.	Romania	Manufacture of man-made fibres	17.47%	17.47%	-	17.47%	17.47%	-
GREENWEEE INTERNATIONAL HUNGARY KFT	Hungary	Management of used waste and treatment of other waste	17.59%	17.59%	-	17.59%	17.59%	-
LIVING JUMBO INDUSTRY S.A.	Romania	Manufacture of plastic packing goods	99.86%	99.86%	6,477,632	99.00%	99.00%	1,639,232
GREENTECH DOO SERBIA	Serbia	Recycling of non-metallic waste and scraps	15.72%	15.72%	-	15.72%	15.72%	-
GRINTEH MK DOO MACEDONIA	Macedonia	Recycling of non-metallic waste and scraps	15.63%	15.63%	-	15.63%	15.63%	-
GREENTECH BALTIC UAB Lithuania	Lithuania	Commercial, economic, financial and industrial activity	12.79%	12.79%	-	-	-	-
GRINFILD LLC UCRAINA	Ukraine	Wholesale trade	62.62%	62.62%	2,687,755	62.62%	62.62%	2,687,755
GRINRUH LLC UCRAINA	Ukraine	Wholesale trade	62.62%	62.62%	4,426,809	62.62%	62.62%	4,426,809
RC ENERGO INSTALL S.R.L.	Romania	Plumbing, heat and air conditioning installation	100.00%	100.00%	15,112	100.00%	100.00%	15,112
INFO TECH SOLUTIONS S.R.L.	Romania	Consultancy in IT technology	99.50%	99.50%	1,980	99.50%	99.50%	1,980
TOTAL WASTE MANAGEMENT S.R.L.	Romania	Collection of non-hazardous waste	17.47%	17.47%	-	17.52%	17.52%	-
GREENTECH SA	Romania	Recovery of sorted materials	17.59%	17.59%	-	17.59%	17.59%	-
GREENTECH RECYCLING DEUTSCHLAND GMBH	Germany	Trade with plastics and recycling of plastic waste	17.47%	17.47%	-	17.47%	17.47%	-

This is a free translation from the original Romanian version.

1. GENERAL INFORMATION (continued)

Name	Place of establishment	Object of activity	Interest %	Control %	Cost as at June 30, 2019	Interest %	Control %	Cost as at December 31, 2018
"Greenlife" Ecological Association	Romania		33.33%	45.00%	400	33.33%	45.00%	400
RECYPLAT LTD	Cyprus	Business and other management consultancy activities	100.00%	100.00%	20,261,120	100.00%	100.00%	20,261,120
ROMGREEN UNIVERSAL CIPRU	Cyprus	Business and other management consultancy activities	17.59%	17.59%	-	17.59%	17.59%	-
GREENLAMP RECICLARE SA	Romania	Treatment and disposal of hazardous waste	17.59%	17.59%	-	17.58%	17.58%	-
ECO PACK MANAGEMENT SA	Romania	Other business support service activities n.e.c.	99.88%	99.88%	2,619,254	99.24%	99.24%	2,619,254
ROMCARBON DEUTSCHLAND GMBH	Germany	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	100.00%	100.00%	110,138	100.00%	100.00%	110,138
PROJECT ADVICE SRL	Romania	Business and other management consultancy activities	99.86%	99.86%	500	99%	99%	500
GREEN RESOURCES MANAGEMENT SA	Romania	Business consultancy and management	11.68%	11.68%	-	11.68%	11.68%	-

This is a free translation from the original Romanian version.

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, 2019 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.

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

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

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018),

2. MAIN ACCOUNTING POLICIES (continued)

Initial application of new amendments to the existing standards effective for the current reporting period (continued)

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 -2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018),

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

At the date of authorisation of these financial statements, the following new standards, amendments to standards and new interpretations were issued, but not yet adopted:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

2. MAIN ACCOUNTING POLICIES (continued)

New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU (continued)

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

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 -2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Standards and amendments to the existing standards issued by IASB and adopted by the EU, but not yet effective

At the date of authorisation of these financial statements, the following new standard, amendments to the existing standard and interpretation issued by IASB and adopted by the EU are not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

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

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

2. MAIN ACCOUNTING POLICIES (continued)

New standards and amendments to the existing standards issued by IASB, but not yet adopted by the EU (continued)

- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

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

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

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate

- **IFRS 9 "Financial Instruments"** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

2. MAIN ACCOUNTING POLICIES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018) issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 IASB made clarifications to this standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019) issued by IASB on 13 January 2016. Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative, depending on how the benefit from use of the underlying asset is diminished.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing lease instructions, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - Incentives and SIC-27 Evaluating the substance of transactions in the legal form of a lease. Adoption of the earlier standard is permitted for entities applying IFRS 15 on or before the initial application of IFRS 16. The standard eliminates the current dual accounting model for lessees and requires companies to register most of the leases in the balance sheet into a single model, eliminating the distinction between operating leases and finance leases. In accordance with IFRS 16, a contract is or contains a lease if it confers the right to control the use of an asset identified for a period of time in exchange for consideration.

2. MAIN ACCOUNTING POLICIES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

For such contracts, the new model requires the lessee to recognize a right to use the asset and a lease right. Assets with right of use are amortized, and the liability generates interest. This will cause higher expenses at the start of the lease, even if the lessee pays constant rents. The lessee's accounting remains largely unaffected by the introduction of the new standard and the distinction between operating and finance leases will be maintained.

In 1st semester of 2019, Romcarbon Group did not engage in finance leases with significant impact on the financial statements.

The Group intends to apply IFRS 16 as of 1 January 2019 using the revised retrospective method. As a result, the comparative periods were not restated. Also, due to the insignificant impact of the restatement as of January 1, 2018, the effect of the restatement was not registered in retained earnings, but will be recognized to the profit or loss for 2019.

- **Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions** issued by IASB on 20 June 2016 (effective for annual periods beginning on or after 1 January 2018). The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- **Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation** issued by IASB on 12 October 2017. The amendments modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Material** issued by IASB on 31 October 2018. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.
- **Amendments to IAS 19 "Employee Benefits" - Plan Amendment, Curtailment or Settlement** issued by IASB on 7 February 2018. The amendments require to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term Interests in Associates and Joint Ventures** issued by IASB on 12 October 2017. Amendments were introduced to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Amendments also delete paragraph 41 because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

2. MAIN ACCOUNTING POLICIES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property issued by IASB on 8 December 2016. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Amendments also state that the list of evidence in paragraph 57 was designated as non-exhaustive list of examples instead of the previous exhaustive list.
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2014 - 2016)"** issued by IASB on 8 December 2016. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording. Changes include: (i) deletion of the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose, (ii) clarification of the scope of IFRS 12 by specifying that the disclosure prerequisites of IFRS 12 except those in paragraphs B10-B16 apply to the interests of an entity listed in paragraph 5, which are classified as held for sale, as held for distribution or discontinued operations in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", (iii) clarification of the election to measure at fair value through profit or loss an investment in an associate or an associate in a holding that is owned by an entity that is a venture capital organisation or another qualifying entity, is available for each investment in an associate or joint venture on an investment basis on initial recognition.
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** issued by IASB on 12 December 2017. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording. The amendments clarify that: a company remeasures its previously held interest in a joint operation when it obtains control of the business (IFRS 3); a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business (IFRS 11); a company accounts for all income tax consequences of dividend payments in the same way (IAS 12); and a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- **Amendments to References to the Conceptual Framework in IFRS Standards** issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** issued by IASB on 8 December 2016. Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

2. MAIN ACCOUNTING PRINCIPLES (continued)

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate (continued)

- **IFRIC 23 “Uncertainty over Income Tax Treatments”** issued by IASB on 7 June 2017. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

Business combination

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

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

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

Interests in joint ventures

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

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

Goodwill

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

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

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

This is a free translation from the original Romanian version.

2. MAIN ACCOUNTING PRINCIPLES (continued)

Income recognition

The Group 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 Group 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 Group's retained earnings.

In applying IFRS 15, the Group has not identified any impact on the consolidated 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.

2. MAIN ACCOUNTING PRINCIPLES (continued)

Lease

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

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

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

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

Foreign currency transactions

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

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

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

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

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.

2. MAIN ACCOUNTING PRINCIPLES (continued)

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.

Provisions for taxes and levies

As at June 30, 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.

2. MAIN ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

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

Current and deferred tax for the period

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

Property, plant and equipment

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

As of December 31, 2013 the Group companies conducted a valuation of land and buildings based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity.

As of December 31, 2016 the Group companies conducted a revaluation of land and buildings based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity. 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.

2. MAIN ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

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.

2. MAIN ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets, goodwill exclusively (continued)

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.

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.

2. MAIN ACCOUNTING POLICIES (continued)

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 amortised 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 amortised 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.

After initial recognition, the Group measures a financial asset:

- **amortised 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.

2. MAIN ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

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.

Impairment of financial assets

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

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

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

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

2. MAIN ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Impairment of financial assets (continued)

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

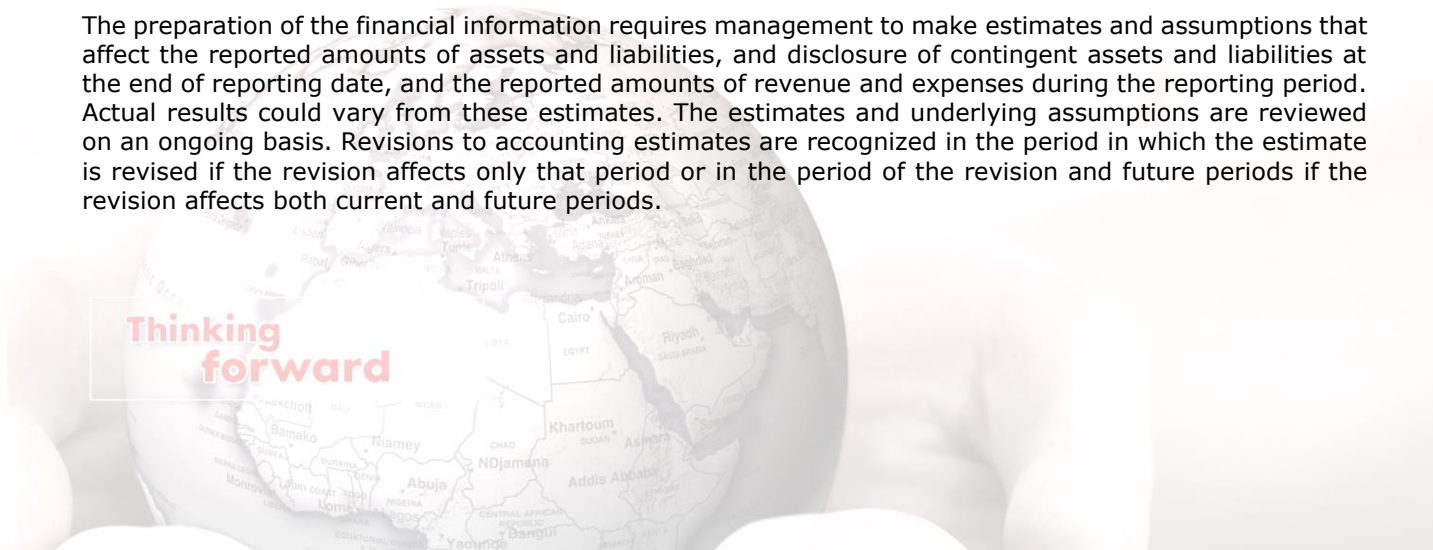
De-recognition of assets and liabilities

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

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

Use of estimates

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



3. REVENUES

An analysis of the Group's revenues for the period of 6 months 2019 is presented below:

	Period ended June 30, 2019 <i>thousand lei</i>	Period ended June 30, 2018 <i>thousand lei</i>
Revenues from sale of finished products	104,686	108,638
Revenues from sale of commodities	8,923	10,442
Revenues from services delivered	1,193	1,980
Other Revenues (Revenues from sale of semi-finished goods, residual goods, other revenues)	6,991	7,416
Total	121,794	128,475

Segment reporting

	Period ended June 30, 2019 <i>thousand lei</i>	Period ended June 30, 2018 <i>thousand lei</i>
Sales on domestic market (Romania)	76,285	77,840
Sales on foreign market (Europe)	44,852	49,206
Other (Israel, Taiwan, China)	656	1,429
Total	121,794	128,475

	Segment Revenues		Segment Profit	
	June 30, 2019 <i>thousand lei</i>	June 30, 2018 <i>thousand lei</i>	June 30, 2019 <i>thousand lei</i>	June 30, 2018 <i>thousand lei</i>
Plastics	93,422	95,757	7,524	7,580
Compound recycled products	16,703	18,063	2,417	2,928
Other productive sectors	2,752	2,869	441	354
Other	8,916	11,785	267	354
Total from operations	121,794	128,475	10,649	11,216
Investment income	-	-	923	1,035
Other income	-	-	2,076	2,008
Other gains and losses, general and administrative expenses	-	-	(13,290)	(11,642)
Finance cost	-	-	(1,418)	(1,391)
Profit before taxation	-	-	(1,060)	1,225

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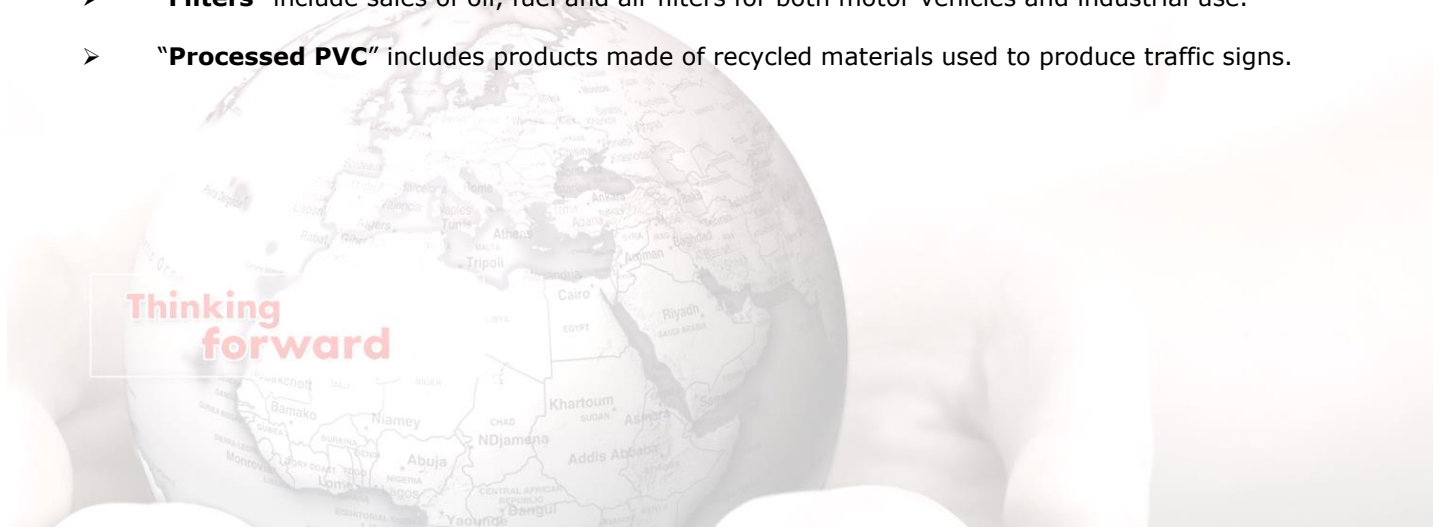
3. REVENUES (continued)

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

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

Other productive sectors include the following groups of products:

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



3. REVENUES (continued)

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

		Asset segment		Liability segment	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Assets and liabilities		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Polyethylene + polystyrene + polypropylene plastics + PET products	141,303	137,449	128,314	126,604
Romcarbon	Compound recycled products	91,816	90,836	30,970	30,193
Romcarbon	Other productive sectors	3,888	3,844	2,473	2,411
Romcarbon and Others	Other activities	74,329	79,429	8,767	9,785
Total Assets / Liabilities		311,336	311,560	170,525	168,993
		Depreciation segment		Segment of non-current assets additions *	
Depreciation and non-current assets additions		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
		<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>	<i>thousand LEI</i>
Romcarbon, LivingJumbo Industry	Polyethylene + polystyrene + polypropylene plastics + PET products	4,250	9,045	1,333	1,733
Romcarbon	Compound recycled products	1,823	5,230	188	8,039
Romcarbon	Other productive sectors	203	163	63	15
Romcarbon and Others	Other activities	1,878	2,674	128	814
Total		8,154	17,112	1,713	10,601

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

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

4. RAW MATERIALS AND CONSUMABLES USED

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Raw materials	47,305	52,005
Commodities sold	4,253	4,723
Energy expenses	6,451	6,340
Goods sold	19,215	19,625
Packaging cost	674	511
	77,898	83,204

5. OTHER GAINS AND LOSSES

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Income from the sale of fixed assets	153	-
Income from the sale of investment property	-	3,553
Income from the sale of fixed assets held for sale	601	-
Provisions and write-offs	24	-
Other income	63	64
FOREX gains	1,079	615
FOREX losses	(2,179)	(656)
Income for financial investment disposal	2,196	-
Expenses with the fixed assets disposed and capital operations	(379)	-
Expenses with the fixed assets held for sale disposed	(393)	-
Client allowances	-	-
Compensations, fines and penalties	-	19
Discounts	(16)	(4)
Other general expenses	-	-
Total	1,148	3,591

6. DEPRECIATION AND AMORTIZATION EXPENSE

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Total	8,154	8,255
Of which:		
Depreciation of property, plant and equipment	8,085	8,143
Amortization of intangible assets	69	112

7. EXPENSES WITH SALARIES AND SOCIAL LEVIES

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Salaries	31,620	30,117
Social contributions	888	879
Meal tickets	1,275	1,432
Total	33,783	32,428

8. FINANCE COSTS

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Total cost		1.391
Of which:		
Interest	1,135	1,217
Bank commissions and assimilated charges	282	172
Interest related to leasing	1	2
Total	1,418	1,391

9. OTHER EXPENSES

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Expenses with repairs	448	350
Expenses with rents	143	118
Expenses with insurance premiums	240	207
Research expenses	-	-
Other expenses with commissions	25	110
Protocol, advertising and publicity expenses	349	515
Transport	3,591	3,492
Expenses with travels	121	93
Expenses with postal charges and telecommunications	98	114
Expenses with third party services	2,663	2,988
Other taxes and levies	1,301	1,260
Losses on receivables and sundry debtors	-	-
Expenses with indemnifications, fines and penalties	8	2
Other expenses	146	72
Total	9,132	9,321

10. INCOME TAX (continued)

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Income tax expenses		
Current income tax expense	104	18
Deferred tax income expense / (income)	-	-
Total expense (income) with income tax	104	18

The tax rate applied for the reconciliation above related to 2019 and 2018 is 16% and is due by all Romanian legal persons.

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

	Period ended June 30, 2019	Period ended June 30, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Profit/Loss before taxation	(1,060)	1,225
Impozit calculat conform ratei de 16%	19	196
Efectul veniturilor netabile	(3)	(179)
Deduceri din sponsorizare	-	-
Efectul (pierderi fiscale) / profit fiscal	-	681
Scutire profit reinvestit	(6)	(681)
Efectul cheltuielilor nedeductibile	94	1
Expense with income tax recognized in income statement	104	18

Components of deferred tax liabilities

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Property, plant and equipment	7,972	7,972
Investment property	1,293	1,293
Inventories	(229)	(229)
Trade and other receivables	(135)	(135)
Other	(5)	-
Recognized deferred income tax liabilities	8,897	8,902
of which: deferred tax on revaluation reserves from comprehensive income	8,616	8,616

10. INCOME TAX (continued)

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Opening balance as at January 1	8,902	10,758
(Expense) / Income during the year		
- movement from revaluation reserves	-	(1,276)
- recognized in income statement	-	(580)
- other	(5)	-
Closing balance as at June 30	8,897	8,902



11. PROPERTY, PLANT AND EQUIPMENT

	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>
COST						
Balance as at January 01, 2019	46,634	28,600	177,360	1,584	2,583	257,032
Additions, of which	-	254	1,407	49	462	2,169
- Revaluation	-	-	-	-	-	-
- Transfers	-	254	1,298	49	-	1,601
Disposals, of which	-	-	109	732	1,604	2,646
- Revaluation	-	201	-	-	-	-
- Transfers	-	-	-	-	-	1,604
Balance as at June 30, 2019	46,634	28,653	178,929	901	1,438	256,555
Balance as at January 01, 2018	46,634	25,335	173,425	1,478	8,234	255,105
Additions, of which	-	3,117	4,643	92	2,195	10,048
- Revaluation	-	-	-	-	-	-
- Transfers	-	3,120	4,649	-	-	7,769
Disposals, of which	-	-	9	8	7,815	7,832
- Revaluation	-	-	-	-	-	-
- Transfers	-	-	-	-	7,768	7,768
Balance as at June 30, 2018	46,634	28,452	178,059	1,562	2,616	257,320

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land</u> <i>thousand LEI</i>	<u>Buildings</u> <i>thousand LEI</i>	<u>Plant and equipment</u> <i>thousand LEI</i>	<u>Installations and furniture</u> <i>thousand LEI</i>	<u>Tangible assets in progress</u> <i>thousand LEI</i>	<u>Total</u> <i>thousand LEI</i>
ACCUMULATED DEPRECIATION						
Balance as at January 01,2019	23	4,543	78,046	877	-	83,489
Depreciation charge	2	1,026	7,013	45	-	8,086
Disposals from sale of assets	-	144	90	412	-	646
Balance as at June 30, 2019	25	5,425	84,969	510	-	90,929
Balance as at January 01,2018	19	2,418	67,302	765	-	70,503
Depreciation charge	2	1,063	7,016	61	-	8,143
Disposals from sale of assets	-	-	10	8	-	18
Balance as at June 30, 2018	21	3,481	74,308	818	-	78,628
IMPAIRMENT						
Balance as at January 01,2019	-	-	-	-	1,186	1,186
Depreciation charge	-	-	-	-	-	-
Disposals from sale of assets	-	-	-	-	-	-
Balance as at June 30, 2019	-	-	-	-	1,186	1,186
Balance as at January 01,2018	-	-	-	-	1,186	1,186
Depreciation charge	-	-	-	-	-	-
Disposals from sale of assets	-	-	-	-	-	-
Balance as at June 30, 2018	-	-	-	-	1,186	1,186
NET BOOK VALUE						
as at June 30, 2019	46,609	23,228	93,960	391	252	164,440
as at Decemebr 31, 2018	46,611	24,058	99,314	708	1,667	172,357

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Further to the revaluation, the value of the land and buildings decreased by LEI 6,536 thousand (the land value decreased by LEI 6,239 thousand and value of buildings and constructions decreased by LEI 297 thousand).

The net book value of tangible assets under finance lease is LEI 48 thousand as at June 30, 2019 (LEI 54 thousand as at December 31, 2018).

Pledged and restricted tangible assets

ROMCARBON SA

Tangible assets having a net book value of LEI 118,003 thousand as at June 30, 2019 (December 31, 2018: LEI 117,976 thousand) represent security for loans and credit lines contracted from: BRD GSG SA, UniCredit Bank and EXIMBANK SA.

Living Jumbo Industry SA

Tangible assets with a net book value of LEI 38,995 thousand as at June 30, 2019 (December 31, 2018: LEI 40,414 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

ROMCARBON SA is a guarantor in the following loans contracted by LivingJumbo Industry SA from UniCredit Bank SA:

- Investment loan in amount of EUR 607 thousand (due in February 2024), contract BUZA/016/2015 secured by an immovable property mortgage of subsequent rank identified by cadastral no. 67264 (in total surface area of 10,037 sq m) and cadastral no. 54304 (in total surface area of 16,787 sq m) and movable mortgage over movable assets in the form of form of inventory having a minimum value of EUR 2,000 thousand and movable mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2019 of EUR 391 thousand and a net book value of LEI 1,517 thousand as at June 30, 2019);
- Non-binding loan – cash line – in amount of EUR 450 thousand (due in February 2024), contract BUZA/044/2016 secured by mortgage on inventories, having a minimum value of EUR 2,000 thousand.

12. GOODWILL

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
COST		
Balance at the beginning of the year	143	143
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Balance at the end of the year	143	143

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

13. OTHER INTANGIBLE ASSETS

	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>
COST				
Balance as at January 01, 2019	613	1,251	-	1,865
Additions	284	4	296	584
Disposals	3	-	251	254
Balance as at June 30, 2019	894	1,255	45	2,195
Balance as at January 01, 2018	580	1,240	-	1,820
Additions	29	10	69	108
Disposals	-	-	23	23
Balance as at June 30, 2018	609	1,250	46	1,905

13. OTHER INTANGIBLE ASSETS (continued)

ACCUMULATED AMORTIZATION	Licenses thousand LEI	Other intangible assets thousand LEI	Intangible assets in progress thousand LEI	Total thousand LEI
Balance as at January 01, 2019	602	1,173	-	1,775
Expenses with amortization	33	36	-	69
Write-offs on disposal of assets	3	1	-	4
Balance as at June 30, 2019	632	1,208	-	1,840
Balance as at January 01, 2018	495	1,098	-	1,593
Expenses with amortization	103	9	-	112
Write-offs on disposal of assets	-	-	-	-
Balance as at June 30, 2018	598	1,107	-	1,705
NET BOOK VALUE				
as at June 30, 2019	262	47	45	355
as at Decemebr 31, 2018	12	78	-	90

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, 2019	December 31, 2018
			%	%
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 Manufacture of products beneficial for human health	Cyprus	17.59%	17.59%
Asociatia ecologica "Greenlife"	Non-profit organization	Romania	33.33%	33.33%
Registrul Miorita SA	Provideng services related to Shareholders' Registry	Romania	4%	4%
Yenki	Sport facilities	Romania	33.34%	33.34%

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14. OTHER FINANCIAL ASSETS (continued)

Changes of investment regarding associates and financial assets

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
As at January 1	27,300	28,948
Share of profit / loss of associates (Romgreen)	507	(1,344)
Additions	-	-
Transfer to other comprehensive income	-	(65)
Loss on retroactive correction of previous year's profit sharing*	-	(240)
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	-	-
Total	27,807	27,300

* In 2018, the shareholders' profit sharing was corrected retroactively (Romgreen) for 2017, further to the reduction of the profit attributable to the parent in the final consolidated financial statements as at December 31, 2017, compared to the estimated profit upon execution of the consolidated financial statements as at December 31, 2017 of Romcarbon group.

15. INVENTORIES

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Raw materials	18,507	16,032
Consumables	4,609	4,404
Items of inventory	106	130
Packaging	281	328
Finished products	7,566	6,831
Production in progress	2,334	1,727
Semi-finished products	6,409	6,140
Residual products	241	593
Commodities	1,709	2,001
Impairment allowances for inventories	(1,637)	(1,637)
Total	40,124	36,548

In 6 months of 2019, the inventories of the Group had a rotation of 57 days while in the same period of 2018 the rotation was of 50 days. For the entire year 2018 the rotation was of 52 days.

16. TRADE AND OTHER RECEIVABLES

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Trade receivables	38,765	29,942
Allowances for doubtful clients	(1,941)	(1,964)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	115	34
Advances to services suppliers	602	370
Subsidies	-	-
Warranties withheld	259	217
Other receivables	418	1,696
Total	38,218	30,295

Changes of allowance for doubtful clients

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Balance at the beginning of the year	1,964	2,407
Receivables transferred to expenses during the year	-	-
Decrease of allowance recognized in profit and loss	(22)	(443)
Balance at the end of the period	1,941	1,964

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

**Analysis of receivables past due
beyond 60 days**

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand LEI</i>	<i>thousand LEI</i>
60 - 90 days	604	419
90 - 120 days	271	82
More than 120 days	1,628	2,352
Total	2,503	2,853

**Analysis of value adjustments
by age**

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand LEI</i>	<i>thousand LEI</i>
	-	-
	-	-
	(1,941)	(1,964)
Total	(1,941)	(1,964)

17. OTHER CURRENT ASSETS

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Pre-paid amounts	1,020	764
Taxes recoverable	57	230
VAT recoverable	-	7
Total	1,077	1,001

18. ISSUED CAPITAL

	Share capital	
	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
264,122,096 fully paid ordinary shares (2018: 264,122,096). The value of one share is LEI 0.1	26,412	26,412
Total	26,412	26,412

	June 30, 2019		December 31, 2018	
	Number of shares	% ownership	Number of shares	% ownership
Living Plastic Industry S.R.L.	86,774,508	32.85%	86,774,508	32.85%
Unitai International Corporation	615,500	0.23%	615,500	0.23%
Joyful River Limited	54,195,089	20.52%	54,195,089	20.52%
Other legal persons	17,370,371	6.58%	18,044,842	6.83%
Other natural persons	105,166,628	39.82%	104,492,157	39.56%
Total	264,122,096	100%	264,122,096	100%

19. RESERVES

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Revaluation reserves	39,427	39,752
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1,454)	(1,075)
Total	37,974	38,677

20. RETAINED EARNINGS

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Balance at the beginning of the year	74,357	79,572
Net profit / (net loss) attributable to parent	(1,144)	(4,048)
Write-off of application of IAS 29 on capital accounts	-	-
Reclassification of revaluation reserve to retained earnings	381	806
Dividends paid	-	(2,007)
Decrease of minority holding further to the increase of parent's holding	-	-
Other	(270)	35
Balance at the end of the period	73,324	74,357

21. NON-CONTROLLING INTERESTS

	Period ended June 30, 2019	Year ended December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>
Balance at the beginning of the year	939	1.007
Share of profit / (loss) for the year	(20)	(69)
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 period	919	939

22. BORROWINGS

Secured borrowings – at amortized cost

	Short-term		Long-term	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	<i>thousand lei</i>	<i>thousand lei</i>	<i>thousand lei</i>	<i>thousand lei</i>
Overdraft and Investment loans	53,904	52,593	31,862	37,241
Lease liabilities	15	14	17	24
Total	53,919	52,607	31,878	37,265

Short-term bank loans	Entity	Period ended June 30, 2019 <i>thousand lei</i>	Year ended December 31, 2018 <i>thousand lei</i>
Credit line in Euro - BRD	Romcarbon	11,938	11,644
Credit line in Euro - BRD	LivingJumbo Industry	7,758	8,417
Credit line in Euro - UniCredit Bank SA	Romcarbon	20,264	20,447
Investment loan Euro - BRD II	Romcarbon	747	736
Investment loan Euro - BRD II	Romcarbon	592	583
Investment loan Euro - BRD I	Romcarbon	-	-
Investment loan in lei I - Eximbank SA	Romcarbon	1,024	1,024
Investment loan in lei II - Eximbank SA	Romcarbon	597	530
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	2,060	2,029
Investment loan I in Euro - BRD	LivingJumbo Industry	510	502
Investment loan II in Euro - BRD	LivingJumbo Industry	59	187
Investment loan Euro - UniCredit Bank SA	LivingJumbo Industry	411	405
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	3,195	3,147
Linie credit Euro - UniCredit Bank SA	LivingJumbo Industry	1,799	-
Investment loan I in lei - UniCredit Bank	Romcarbon	500	500
Investment loan II in lei - UniCredit Bank	Romcarbon	306	306
Investment loan III in lei - UniCredit Bank	Romcarbon	535	527
Investment loan IV in lei - UniCredit Bank	Romcarbon	1,078	1,078
Investment loan V in lei - UniCredit Bank	Romcarbon	532	532
Total		53,904	52,593

22. BORROWINGS (continued)

Long-term bank loans	Entity	Period ended June 30, 2019 thousand lei	Year ended December 31, 2018 thousand lei
Investment loan Euro - BRD II	Romcarbon	1,381	1,651
Investment loan Euro - BRD III	Romcarbon	1,183	1,533
Investment loan I in lei - UniCredit Bank	Romcarbon	1,540	1,790
Investment loan II in lei - UniCredit Bank	Romcarbon	383	536
Investment loan III in lei - UniCredit Bank	Romcarbon	669	922
Investment loan IV in lei - UniCredit Bank	Romcarbon	1,617	2,156
Investment loan V in lei - UniCredit Bank	Romcarbon	975	1,241
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	7,789	8,686
Investment loan in lei I - Eximbank SA	Romcarbon	2,048	2,559
Investment loan in lei II - Eximbank SA	Romcarbon	1,492	1,592
Investment loan I Euro - BRD	LivingJumbo Industry	1,062	1,297
Investment loan II in Euro - BRD	LivingJumbo Industry	78	31
Investment loan Euro - UniCredit Bank	LivingJumbo Industry	10,780	12,192
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	865	1,054
Total		31,862	37,241

As at June 30, 2019, the Group had more loans contracted from various banks, as follows:

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, 2019: lei 20,264,159 (equivalent of EUR 4,279,563)
- Due on: April 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;

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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 2019 EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019.
7. Blank promissory note, with the mention "No Protest";
8. LivingJumbo Industry SA as co-borrower.

b) credit line contracted from BRD GSG in amount of EUR 2,550,000 (contract 134/11.05.2007)

- Outstanding amount as at June 30, 2019: lei 11,938,264 (equivalent of EUR 2,521,227)
- Due on: October 30, 2019
- Type of credit and ceilings:
 - Credit line: EUR 2,550,000
 - Letters of credit: EUR 500,000
 - Bank guarantee letters: EUR 500,000
- Securities:
 1. Security interest in real estate over immovable assets (land + constructions) identified as follows:
 - 61094 (344/1/6) having a total surface area of 8,922 sq m, 52789 (344/1/8) having a total surface area of 17,922 sq m, 65873 (344/1/9) having a total surface area of 5,950sq m, 52777 (344/1/10) having a total surface area of 3,720 sq m, 52808 (344/1/11/1) having a total surface area of 4,561 sq m located at Strada Transilvaniei, nr. 132, Buzău.
 2. Mortgage without dispossession over 31 machinery with a net book value of lei 112,907 as at June 30, 2019;
 3. Mortgage over the credit balance of the accounts opened by Romcarbon SA with BRD GSG - Buzău Branch;
 4. Mortgage over receivables with a minimum balance of 30% of the credit balance, resulting from the commercial contracts concluded with its partners: DUCTIL SA, DEDEMAN SRL, NENEA SRL, AGRANA ROMANIA SRL, ROMANIA HYPERMARCHE SA, 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.

As at June 30, 2019, 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, 2019: lei 1,972,236 (equivalent of EUR 416,514)
- Due on: 03.09.2022
- 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 3,225,754 as at June 30, 2019;

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, 2019: lei 1,929,878 (equivalent of EUR 407,569)
- Due on: 03.02.2022
- 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;
- 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, 2019: lei 3,071,250
 - Due on: 20.06.2022
 - 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 767,700 as per the valuation of May 2019 and August 2018 and a net book value of lei 3,794,014 as at June 30, 2019;
 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, 2019: lei 9,848,628 (equivalent of EUR 2,079,920)
 - Due on: 04.12.2023
 - Securities:
1. Mortgage over the goods purchased in project "Development of Romcarbon SA", having a market value as per the valuation of June 2019 of EUR 4,475,100 and a net book value of lei 24,090,573 as at June 30, 2019;
 2. Mortgage over all the future accounts/sub-accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.
- e) *Investment loan I in amount of lei 3,200,000 with UniCredit Bank SA to purchase assets (land + buildings) located in Iasi, Calea Chisinaului, nr. 27-29 (contract BUZA/022/2016)***
- Outstanding amount as at June 30, 2019: lei 2,039,947
 - Due on: 11.07.2023
 - Securities:
1. Immovable property mortgage over real estate located in Stefanestii de jos, Str.Sinaia nr.15, Ilfov, identified by cadastral/topographic no. 50009, having a total surface area of 12,774 sq m;
 2. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, nr.27-29 identified by cadastral no. 3860/223/2-3860/226/1 – land in surface area of 242 sq m and holding cadastral no. 3860/223/2-3860/226/1- C49/p/2 building having a useful surface area of 192.39 sq m and built surface area of 224.85 sq m and holding cadastral no. 128921, land in surface area of 1,312.48 sq m – land – and holding cadastral no. 128921-C1 cafeteria building G+1 having a useful surface area of 1,193.67 sq m – ground floor and useful surface area of 1,193.67 sq m – upper floor;
 3. 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;
 4. Immovable property mortgage over real estate identified by cadastral number 54304 (in total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, 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 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019.
 7. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA.

f) 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, 2019: lei 689,092
- Due on: 19.09.2021
- 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 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019;
 5. Movable property mortgage of subsequent rank over 3 machinery with a market value as per the valuation of September 2019 of EUR 662,100 and a net book value of lei 3,215,348 as at June 30, 2019;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA.

g) 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, 2019: lei 1,203,992 (equivalent of EUR 254,270)
- Due on: 19.09.2021
- Securities:
 1. 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;
 2. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
 3. Immovable property mortgage over real estate identified by cadastral no. 54304 (in total surface area of 16,787 sq m) at a net book value of lei 3,059,838 as at December 31, 2017;
 4. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019;
 5. Movable property mortgage of subsequent rank over 3 machinery with a market value as per the valuation of September 2019 of EUR 662,100 and a net book value of lei 3,215,348 as at June 30, 2019;
 6. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA.

h) 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, 2019: lei 2,694,697
- Due on: 01.12.2021
- Securities:
 1. Immovable property mortgage over real estate located in Stefanestii de jos, Str. Sinaia nr. 15, Ilfov, identified by cadastral/topographic no. 50009, in total surface area of 12,774 sq m;
 2. Movable property mortgage over 35 machinery with a market value as per the valuation of October 2018 of EUR 836,800 and a net book value of lei 2,139,577 as at June 30, 2019;
 3. 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;
 4. 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;
 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 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019;
7. Movable property mortgage over all the present and future accounts and sub-accounts opened by Romcarbon SA with UniCredit Bank SA.
- i) *Investment loan V in amount of lei 2,250,000 from UniCredit Bank SA to refinance self-funded investments in 2016 (contract BUZA/004/2017)***
 - Outstanding amount as at June 30, 2019: lei 1,507,185
 - Due on: 06.04.2022
 - Securities:
1. Movable property mortgage over the following immovable assets (land and buildings), identified as follows:
 - cadastral no. 67301 in surface area of 3,348 sq m resulting from joining cadastral no. 64699 in surface area of 3,308 sq m to cadastral no. 67265 in surface area of 40 sq m, located at Str. Transilvaniei, 132, Buzau;
 - cadastral no. 64371 in total surface area of 22,830 sq m resulting from the division of cadastral no. 54553 formerly 18335 (in total surface area of 23,451 sq m) located at Str. Transilvaniei, 132, Buzau;
 - cadastral no. 54575 formerly 344/1/1 (in total surface area of 9,814 sq m) located at Str. Transilvaniei, 132, Buzau;
 - cadastral no. 67264 (in total surface area of 10,037 sq m) located at Str. Transilvaniei, 132, Buzau;
 - cadastral no. 54304 (in total surface area of 16,787 sq m) located at Str. Transilvaniei, 132, Buzau.
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. Movable property mortgage over 34 machinery with a market value as per the valuation of July 2018 of EUR 123,900 and a net book value of lei 495,370 as at June 30, 2019;
4. Movable property mortgage over the movable assets in the form of inventory having a minimum value of EUR 2,000,000;
5. Movable property mortgage of subsequent rank over 4 machinery with a market value as per the valuation of January 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019;
6. Blank promissory note, with the mention "No Protest";
7. LivingJumbo Industry SA as guarantor.
- j) *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) (partly drawn)***
 - Outstanding amount as at June 30, 2019: lei 2,088,914
 - Due on: 16.12.2022
 - Securities:
1. Mortgage of subsequent rank over equipment (PE plastic film washing, sorting and grinding line) with a market value of EUR 587,700 as per the valuation report of May 2019 and a net book value of lei 2,920,267 as at June 30, 2019;
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 911,276 as per the valuation report of October 2018 and a net book value of lei 4,023,759 as at June 30, 2019;
3. Mortgage without dispossession over 3 forklifts with a market value of EUR 52,175 as per the valuation of October 2018 and a net book value of lei 253,714 as at June 30, 2019;
4. Immovable mortgage without dispossession over 9 machinery purchased under this project with a market value of EUR 121,958 as per the valuations of May 2019 and October 2018 and a net book value of lei 625,107 as at June 30, 2019;
5. First rank mortgage over present and future receivables arising from the commercial relationship with Toro Manufacturing and Sales SRL;
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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LivingJumbo Industry SA loans

a) Credit line contracted from BRD GSG within the limit of EUR 2,000,000

- Outstanding amount as at June 30, 2019: lei 7,758,191 (equivalent of EUR 1,638,443)
- Due on: October 30, 2019
- Securities:
 1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of EUR 800,150;
 2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by LIVINGJUMBO INDUSTRY SA with BRD-GSG – Buzău Branch;
 3. Assignment of amounts received out of the commercial contracts concluded with clients in amount of minimum EUR 7,000,000;
 4. Mortgage over all the stocks of raw materials, consumables, semi-finished goods, finished goods, etc., property of LivingJumbo Industry SA, located in the production facilities in Buzau, str. Transilvaniei nr. 132, Buzau county, at a minimum value of EUR 720,000.

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

- Outstanding amount as at June 30, 2019: LEI 1,571,452 (equivalent of EUR 331,873)
- 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

- Outstanding amount as at June 30, 2019: Lei 1,275,844 (equivalent of EUR 269,444)
- 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 2019 of EUR 390,500 and a net book value of lei 1,516,827 as at June 30, 2019;
 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, 2019: Lei 13,975,250 (equivalent of EUR 2,951,416)
- 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 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, 2019: LEI 137,247 (equivalent of EUR 28,985)
- Due on: November 1, 2021
- Securities:
 1. Mortgage without dispossession over the machinery forming the object of the investment.
 2. Mortgage over the accounts opened in LEI and foreign currency with BRD GSG SA.

f) Credit line contracted from Unicredit Bank Sa having an initial value of EUR 500,000

- Outstanding amount as at June 30, 2019: LEI 1,799,338 (equivalent of EUR 380,000)
- Due on: August 2019
- Securities:
 1. Immovable property mortgage over real estate located in Campia Turzii, Cluj, made out from: land category construction yards with a surface area of 38,235 sqm identified with cadastral number 54670 and the constructions located on this land registered in the C.F. no. 54670.
 2. Mortgage over the accounts opened in LEI and foreign currency with UniCredit Bank SA.

Energo Install SRL loans

a) Credit line contracted from Banca de Export-Import a Romaniei Eximbank SA having an initial amount of lei 1,000,000 for financing the current activities (unengaged)

- Outstanding amount as at June 30, 2019: LEI 0
- Due on: October 14, 2019
- Securities:
 1. Guarantee issued by EximBank SA in the name and on account of the State, in amount of LEI 700,000, representing 70% of the exposure value;
 2. Movable property mortgage over 22 machinery with a book value of LEI 834,449;
 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".

23. OTHER CURRENT LIABILITIES

	Period ended June 30, 2019 <i>thousand lei</i>	Year ended December 31, 2018 <i>thousand lei</i>
Liabilities to employees	2,186	1,718
Liabilities related social contributions	1,718	1,415
Income tax	(230)	707
VAT payable	670	31
Other taxes payable	(47)	289
Tax on salaries	358	122
Interest payable	-	-
Other non-trade liabilities	-	-
Total	4,654	4,282

24. TRADE AND OTHER LIABILITIES

	Period ended June 30, 2019 <i>thousand lei</i>	Year ended December 31, 2018 <i>thousand lei</i>
Trade liabilities	36,335	30,244
Suppliers invoices not received	904	683
Advances to clients	1,577	699
Sundry creditors (a)	2,750	2,727
Total	41,566	34,353

*In 2019, sundry debtors include LEI 1,708 thousand, which represents borrowings from natural or legal person shareholders, which will be repaid in 2019 (see note 28).

25. FINANCE LEASE LIABILITIES

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

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	June 30, 2019 <i>thousand lei</i>	December 31, 2018 <i>thousand lei</i>	June 30, 2019 <i>thousand lei</i>	December 31, 2018 <i>thousand lei</i>
Present value of finance lease payments				
Amounts due within one year	16	15	15	14
More than one year, but less than 5 years	17	25	17	24
Total lease liabilities	33	40	32	38
Less future finance expenses	(1)	(2)		
Present value of finance lease payments				
Included in the financial statements as:	32	38		
Short-term borrowings	15	14		
Long-term borrowings	17	24		

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26. DEFERRED INCOME

As at June 30, 2019, the value of investment subsidies received from the Group amounts to LEI 29,173 thousand, as follows:

- Romcarbon SA – LEI 16,443 thousand, of which LEI 5,964 thousand for the project “Modernization of the cosq many by purchasing new technologies in production, reshaping, rehabilitation and extension of existing production facilities” not transferred to income and LEI 10,474 thousand related to project “Development of S.C. ROMCARBON S.A. through the purchase of new equipment”.
- LivingJumbo Industry SA – LEI 12,730 thousand LEI, of which LEI 12,597 thousand related to investment project “Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment” and LEI 133 thousand related to the investment project co-funded from European funds implemented in 2011.

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

27. FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The Company’s capital consists of liabilities, which include the borrowings presented in note 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.

27. FINANCIAL INSTRUMENTS (continued)

(e) Currency risk management

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

(f) Interest rate risk management

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

(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.

27. FINANCIAL INSTRUMENTS (continued)

(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.



27. FINANCIAL INSTRUMENTS (continued)

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

2019	EUR 1 EUR = 4.7351 <i>thousand LEI</i>	USD 1 USD = 4.1587 <i>thousand LEI</i>	Leu 1 lei <i>thousand LEI</i>	Total June 30, 2019 <i>thousand LEI</i>
Cash and cash equivalents	301	109	5,118	5,528
Receivables and other current assets	11,328	459	26,431	38,218
Other current assets	-	-	1,077	1,077
LIABILITIES				
Trade and other liabilities	9,979	34	51,580	41,566
Other current liabilities	-	-	4,654	4,654
Short and long-term borrowings	73,674	-	12,091	85,766
Short and long-term finance lease liabilities	32	-	-	32
2018	EUR 1 EUR = 4.6639 lei <i>thousand LEI</i>	USD 1 USD = 4.0736 lei <i>thousand LEI</i>	Leu 1 lei <i>thousand LEI</i>	Total December 31, 2018 <i>thousand LEI</i>
Cash and cash equivalents	22	131	9,638	9,791
Receivables and other current assets	4,265	227	25,802	30,295
Other current assets	-	-	1,001	1,001
LIABILITIES				
Trade and other liabilities	5,609	6	28,738	34,353
Other current liabilities	-	-	4,282	4,282
Short and long-term borrowings	75,989	-	13,844	89,844
Short and long-term finance lease liabilities	38	-	-	38

This is a free translation from the original Romanian version.

27. FINANCIAL INSTRUMENTS (continued)

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

	June 30, 2019	December 31, 2018
	<i>Thousand LEI</i>	<i>Thousand LEI</i>
Loss	(8,719)	(8,733)

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.

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 current liabilities	46,220	-	-	46,220
Interest bearing instruments	53,904	22,679	9,183	85,766
Short and long-term borrowings	15	17	-	32
Short and long-term leases				
Non-interest bearing	5,528	-	-	5,528
Cash and cash equivalents	39,295	-	-	39,295
2018	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 current liabilities	38,635	-	-	38,635
Interest bearing instruments	52,593	23,619	13,622	89,834
Short and long-term borrowings	14	14	10	38
Short and long-term leases				
Non-interest bearing	9,791	-	-	9,791
Cash and cash equivalents	31,297	-	-	31,297

27. FINANCIAL INSTRUMENTS (continued)

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

Company	Counterparty	Turnover 6 Months 2019	Receivables June 30, 2019	Credit limit	Credit days
Romcarbon SA	KASAKROM CHEMICALS SRL	7,560	1,658	NO	50
Romcarbon SA	DEDEMAN SRL BACAU	3,989	2,689	NO	90
Romcarbon SA	COMANDOR IMPEX SRL	2,341	561	NO	18
Romcarbon SA	FOCSANI				
Romcarbon SA	PH BRATPOL JERZY	2,255	851	NO	75
Romcarbon SA	BRATKOWSKI POLONIA - EUR	1,960	268	NO	30
LivingJumbo Industry SA	FOLIEN GmbH GERMANIA	3,237	871	NO	60
LivingJumbo Industry SA	CARLESTAM POLAND SP. Z O.O.	3,024	782	NO	16
LivingJumbo Industry SA	POLIMERO	2,912	631	NO	60
LivingJumbo Industry SA	EXPERGO BUSINESS NETWORK SRL	2,852	451	NO	60
LivingJumbo Industry SA	BAOBAG	1,960	728	NO	45
LivingJumbo Industry SA	SIGMA BAGS				

28. RELATED PARTY TRANSACTIONS

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

Indemnities granted to top management

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

	June 30, 2019 thousand LEI	June 30, 2018 thousand LEI
Executive management salaries	2,055	2,021
Benefits for Board of Administration	156	209
Total	2,211	2,230

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

Shareholder borrowings

	June 30, 2019 thousand LEI	December 31, 2018 thousand LEI
WU HUI TZU (Living Jumbo Industry SA)	18	18
LIVING PLASTTIC INDUSTRY SRL (LivingJumbo Industry SA)	1,481	1,454
WINPACK INDUSTRY (Eco Pack Management SRL)	209	202
Total	1,708	1,674

28. RELATED PARTY TRANSACTIONS (continued)**Related party transactions***(all amounts are expressed in thousand LEI)*

	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related parties	
	6 Months of 2019	6 Months of 2018	6 Months of 2019	6 Months of 2018	Jun 30, 2019	Dec 31, 2018	Jun 30, 2019	Dec 31, 2018
GREENFIBER INTERNATIONAL SA	3,064	3,174	5,239	3,089	1,241	951	2,944	1,402
GRINTEH D.O.O MACEDONIA	-	-	-	-	-	-	-	-
GREENTEH DOO SERBIA	129	146	-	-	71	66	-	-
GREENGLASS RECYCLING SA	-	-	-	-	-	-	-	-
GREENTECH SA	1,273	1,617	51	1,116	75	43	8	15
TOTAL WASTE MANAGEMENT	53	230	-	2	(22)	170	-	-
GREENWEEE INTERNATIONAL SA	246	305	130	74	128	132	60	47
GREEN RESOURCES MANAGEMENT S.A.	16	3	56	-	11	-	19	-
GREENLAMP RECICLARE SA	10	-	-	-	2	-	-	-
TOTAL	4,791	5,475	5,475	4,281	1,506	1,363	3,032	1,465

This is a free translation from the original Romanian version.

29. ACQUISITION OF SUBSIDIARIES

In 2019 the Group hadn't acquired any subsidiary.

30. DISPOSAL OF SUBSIDIARIES

In 2019 the Group hadn't disposed any subsidiary.

31. CASH ON HAND AND AT BANKS

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

	June 30, 2019	December 31, 2018
	<i>thousand LEI</i>	<i>thousand LEI</i>
Cash at banks	5,463	9,756
Cash on hand	63	35
Cash equivalents	2	-
Total	5,528	9,791

32. INVESTMENT PROPERTY

	June 30, 2019	December 31, 2018
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	8,317	8,317
Buildings	9,717	9,717
Total investment property	18,034	18,034

As at June 30, 2019, the Company owns in its locations in Iasi, Stefanesti 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.

32. INVESTMENT PROPERTY (continued)

On April 23, 2018 the Company signed two undertakings for the sale of assets with Office&Logistic SRL as follows:

- Sale undertaking for the promise to sell a plot of land in surface area of 39,269.50 sq m located in Iasi, Calea Chisinaului, nr. 29 and the buildings erected on such land; the sale under such undertaking, for which a total price of EUR 3,900 thousand, without VAT, was received, was done in two stages, on 10.05.2018 and on 30.07.2018;
- Sale undertaking for the promise to sell a plot of land in surface area of 35,192.48 sq m located in Iasi, Calea Chisinaului, nr. 29 and the buildings erected on such land for which a total price of EUR 3,431 thousand, without VAT will be received, which will be done in three stages, for which ownership will be transferred on 30.07.2019, 29.11.2019 and 30.03.2020.

From the sale performed on 10.05.2018 and 30.07.2018, the Company obtained a profit of LEI 2,710 thousand registered in the statement of comprehensive income under "Other gains or losses".

As at December 31, 2018, the Company performed the valuation of the investment property and the result, in amount of LEI 308 thousand was charged to profit and loss.

If the Company had valued the investment property and the assets held for sale at cost, then the value as of December 31, 2018 would have been lei 25,951 thousand.

33. ASSETS HELD FOR SALE

Assets held for sale	June 30, 2019	December 31, 2018
	<i>thousand LEI</i>	<i>thousand LEI</i>
Land	10,517	10,909
Buildings	5,848	5,848
Impairment allowances	(757)	(757)
Total	15,608	16,000

In December 2018, in accordance with IFRS 5, the asset consisting of land in surface area of 35,192.48 sq m located in Iasi, Calea Chisinaului, nr. 29 and the buildings erected on such land, was reclassified, which will form the object of the second sale undertaking, from "Investment property" to "Assets held for sale". The asset (land and buildings) which formed the object of such reclassification is worth LEI 16,757 thousand. Further to reclassification, the Company registered a loss of LEI 757 thousand on the recognition of such asset in accordance with IFRS 5.

In May 2019 took place an intermediary stage of the selling-buying anteacontract signed with Office&Logistic SRL which had the object the selling of a land in a total area of 1,289 sq m for which it was cashed the price of lei 601 thousand (EUR 126 thousand).

34. 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.

34. COMMITMENTS AND CONTINGENCIES (continued)
Potential tax liabilities (continued)

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

Transfer pricing

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

Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification.

Environmental matters

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

35. SUBSEQUENT EVENTS

SC Romcarbon SA

On 22.07.2019, it was convoked the General Meeting of the Shareholders for the date 29.08.2019 or 30.08.2019 for approving the partial distribution of the 2017 profit as dividends for the amount of LEI 1,056 thousand.

On 13.08.2019 it was completed the stage agreed according to the 2nd Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 17,569 sq m, out of which 1,906 sq m built area, according with the selling-buying contract no. 2917 signed on 13.08.2019. According to the selling-buying contract it was cashed the price of LEI 5,435 thousand (equivalent of EUR 1,150 thousand).

SC LivingJumbo Industry SA

There weren't significant subsequent events.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Administration and were authorized for issuance on August 28, 2019

HUANG LIANG NENG,
Administrator

PREPARED,
VIORICA ZAINESCU,
Chief Financial Officer

RADU ANDREI,
Chief Executive Officer

For signatures, please refer to the original Romanian version.

ROMCARBON SA | *Thinking forward*
Buzau, 132 Transilvaniei street
Postal code 120012
Tel.0238.711.155
Fax.0238.710.697
www.romcarbon.com
investor.relations@romcarbon.com