



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

Half-Year report for the period ended June  
30,2017

Consolidated Financial Statements



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

## **Company Identification**

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

**Date of release:** 30.08.2017

**Reporting date:** 30.06.2017

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

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

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

**Sole registration code:** RO 1158050

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

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

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

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

## LANGUAGE DISCLAIMER

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



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## DECLARATION OF THE MANAGEMENT

### Undersigners

Hung Ching Ling, Chairman of the Board,  
Andrei Radu, Chief Executive Officer,  
Zainescu Viorica Ioana, Chief Financial Officer,

Declare that the Consolidated Financial Statements for the period ended June, 30 2017 prepared in accordance with IFRS, give, to the best of our knowledge, a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with CNVM requirements, gives a true and fair view of the activity of ROMCARBON SA and its subsidiaries.

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

**CEO : Andrei Radu**

**CFO :Zainescu Viorica Ioana**



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**THE ACTIVITY OF THE GROUP OF COMPANIES**

As of June 30,2017 SC ROMCARBON SA Buzau holds directly and/or indirectly participation interests in the capital of 13 companies:

Company	30/06/2017	
	Interest held	Control held
RECYPLAT LTD CIPRU	100.00%	100.00%
ROMCARBON DEUTSCHLAND GMBH	100.00%	100.00%
RC ENERGO INSTALL SRL	99.50%	99.50%
ECO PACK MANAGEMENT SA	25.36%	99.24%
INFOTECH SOLUTIONS SRL	99.00%	99.00%
LIVINGJUMBO INDUSTRY SA	99.00%	99.00%
GRINFILD LLC UCRAINA	62.62%	62.62%
GRINRUH LLC UCRAINA	62.62%	62.62%
ASOCIATIA ECOLOGICA GREENLIFE	33.33%	44.9977%
YENKI SRL	33.34%	33.34%
KANG YANG BIOTECHNOLOGY CO.LTD	4.81%	4.81%
REGISTRUL MIORITA SA	3.79%	3.79%
ARCH DEVELOPMENT ASSOCIATES SRL	0.23%	0.23%

As of June 30,2017 The Group holds indirectly participation interests in the capital of the following companies:

Company	30/06/2017	
	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	17.5249%	17.5249%
GREEN RESOURCES MANAGEMENT SRL	11.6839%	11.6839%

**PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN THE FIRST SEMESTER OF 2017****PRESENTATION OF THE GROUP'S COMPANIES**

As at June 30,2017 the company was holding directly or through other subsidiaries, participating interest in the following entities:

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

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

ROMCARBON DEUTSCHLAND GMBH is a company established in 2013, with 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 Bucharest, sector 2, str. Barbu Vacarescu (formerly, Fabrica de Glucoza 2-4), nr. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

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

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

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

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

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

"Greenlife" Ecological Association, established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization. The association's patrimony amounts to LEI 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.

GREEN RESOURCES MANAGEMENT S.A. is a company established in in 2016, with a share capital of lei 400,000 , where SC Romcarbon SA indirectly holds 11.68%. The company's main office is located in Buzau, Str. Transilvaniei, nr.132, Remiza PSI Camera 1. The company's main object of activity is - NACE code 7022- Business and other management consultancy activities.

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

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

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

GREENLAMP REICLARE S.A. is a company established in 2010, with a share capital of LEI 3,199,770, where SC Romcarbon SA indirectly holds 17.5879%. 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 (HUF 3,100,000), 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 2,110,900. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17.5249% of the share capital.

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

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

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

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

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

Company	Romgreen Universal holding		Recyplat LTD holding	
	30/06/2016	04/07/2016	30/06/2016	04/07/2016
ROMGREEN UNIVERSAL LTD CIPRU			25.0000%	17.58794%
Greenfiber International SA	67.8298%	99.3191%	16.9574%	17.46819%
Greentech SA	70.2509%	99.9976%	17.5627%	17.58751%
Total Waste Management SRL(TBM)	70.2509%	99.6416%	17.5627%	17.52490%
GreenWeee International SA	76.4187%	99.9999974%	19.1047%	17.58794%
Greenlamp Reciclare SA	99.9998%	99.9999%	25.0000%	17.58792%
Greentech Doo Serbia	61.0468%	89.3872%	15.2617%	15.72137%
GrintehMacedonia	60.6873%	88.8608%	15.1718%	15.62879%
Asociatia ecologica Greenlife	46.0269%	66.3202%	44.8401%	44.99770%
Greentech Recycling Deutschland Gmbh	67.8298%	99.3191%	16.9574%	17.46819%
Greenglass Recycling SA	70.0000%	70.0000%	17.5000%	12.31156%
Greenweee International Hungary KFT	76.4187%	99.9996%	19.1047%	17.58787%

## ACTIVITY OF THE GROUP OF COMPANIES

### PRESENTATION OF THE MANAGEMENT OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in the first semester of 2017:

RECYPLAT LTD CIPRU – Director – Nicos Avraamides

RC ENERGO INSTALL SRL – General manager - Banucu Ileana

ECO PACK MANAGEMENT SA – General manager - Adrian Ianca;

INFO TECH SOLUTIONS SRL- General manager - Hristache Cornel

LIVINGJUMBO INDUSTRY SA – General manager - Manaila Carmen

GRINFILD LLC UCRAINA – General manager - Perepelitea Olena Ivanivna

GRINRUH LLC UCRAINA-- General manager - Iulia Golets

YENKI SRL – Administrator Petre Romeo Florinel

ROMCARBON DEUTSCHLAND GmbH- Administrator- Ms. Csilla Orban (until 31 March 2016); starting from 1 April 2016 trustee in bankruptcy Franz Fassbender

ROMGREEN UNIVERSAL LTD CIPRU – until 4 July 2016: Nicos Avraamides, Natalie Gureghian, Anna Dracou, Irene Pipera

From 4 July 2016: Nicos Avraamides, Constantinos Constantinides, Grzegorz Adam Piejka, Nicolaos Koronis, Paulina Anna Pietkiewicz

GREENLAMP RECICLARE S.A. –General manager - Hung,Ching-Ling

GREENGLASS RECYCLING SA –General manager - Hung,Ching-Ling

GREENWEEE INTERNATIONAL SA – General manager - Hung,Ching-Ling

GREENWEEE INTERNATIONAL HUNGARY KFT -Managing Director - Costache Iulian Marius

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

GREENTECH SA General manager - Hung,Ching-Ling

GREENFIBER INTERNATIONAL SA – General manager - Hung,Ching-Ling

GREENTECH RECYCLING DEUTSCHLAND GMBH - Administrator- - Ms. Csilla Orban (until 31 March 2016); starting from 1 April 2016 trustee in bankruptcy Franz Fassbender

GREENTECH DOO SERBIA– General manager– Mihail Mateski

GRINTEH MK DOO MACEDONIA – General manager– Mihail Mateski and Sofia Mateska

GREEN RESOURCES MANAGEMENT S.A – General manager–Ianca Adrian(starting from cu 10.05.2017).

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

Nr.Crt.	Indicator [thousand lei]	30/06/2016	31/12/2016	30/06/2017
1	Net sales	124,604	238,236	124,258
2	Total income	136,230	264,359	135,052
3	Total expenses	133,979	261,071	137,487
4	Net profit of the year	2,251	3,286	-2,435
5	Profit attributable to parent	2,418	3,462	-2,412

Nr.Crt.	Indicator	30/06/2016	31/12/2016	30/06/2017
1	Average no. of employees	1,503	1,556	1,653

### ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in the 1<sup>st</sup> Semester of 2017 is presented in the table below:

Company	Net profit or loss (Thousand lei)	Attributable to parent	Attributable to NCI
Romcarbon SA	1,803	1,803	0
Living Jumbo Industry SA	-2,494	-2,469	-25
RC Energo Install SRL	101	101	0
Infotech Solutions SRL	53	53	1
Grinfield Ucraina	0	0	0
Grinruh Ucraina	0	0	0
Recyplat Ltd Cipru	-42	-42	0
Romcarbon Deutschland GmbH	0	0	0
Eco Pack Management SA	-92	-91	-1
Consolidation adjustments	-1,765	-1,765	0
<b>Total</b>	<b>-2,435</b>	<b>-2,410</b>	<b>-25</b>

Note: Consolidation adjustments include the elimination of dividends received from RC Energo Install SRL and Info Tech Solutions SRL, the elimination of intra-group transactions, the shareholders' profit share (Romgreen, Yenki), the set-up of a depreciation adjustment for the investment in progress in Grinruh LLC Ucraina.

## FINANCIAL STATEMENTS

### A.) Statement of the financial position

	[KRON]					
Indicator	30.06.2016	31.12.2016	30.06.2017	2017 vs. 2016		
Property, plant and equipment	198,214	195,416	192,989	-2,427	▼	-1.24%
Investment property	44,095	45,680	45,680	0	—	0.00%
Goodwill	143	144	143	-1	▼	-0.69%
Other intangible assets	505	374	280	-94	▼	-25.13%
Investments in associates	29,086	28,270	28,812	542	▲	1.92%
Financial assets	197	197	197	0	—	0.00%
<b>Total non-current assets</b>	<b>272,240</b>	<b>270,080</b>	<b>268,100</b>	<b>-1,980</b>	<b>▼</b>	<b>-0.73%</b>
Inventories	30,021	37,171	35,890	-1,281	▼	-3.45%
Trade and other receivables	40,712	29,728	34,108	4,380	▲	14.73%
Other current assets	1,127	1,372	1,131	-241	▼	-17.57%
Cash and bank balances	9,321	11,544	10,521	-1,023	▼	-8.86%
<b>Total current assets</b>	<b>81,181</b>	<b>79,815</b>	<b>81,650</b>	<b>1,835</b>	<b>▲</b>	<b>2.30%</b>
<b>Total assets</b>	<b>353,421</b>	<b>349,895</b>	<b>349,751</b>	<b>-145</b>	<b>▼</b>	<b>-0.04%</b>
Issued capital	26,412	26,412	26,412	0	—	0.00%
Share premium	2,182	2,182	2,182	0	—	0.00%
Reserves	43,232	41,364	40,864	-500	▼	-1.21%
Retained earnings	78,155	80,032	78,084	-1,948	▼	-2.43%
Equity attributable to equity holders of the parent	149,981	149,991	147,543	-2,448	▼	-1.63%
Non-controlling interests	1,206	1,072	1,047	-25	▼	-2.33%
<b>Total equity</b>	<b>151,187</b>	<b>151,063</b>	<b>148,590</b>	<b>-2,473</b>	<b>▼</b>	<b>-1.64%</b>
Borrowings [Long-term]	53,622	58,009	54,171	-3,838	▼	-6.62%
Long term finance leases and other interest bearing obligations	527	85	0	-85	▼	-100.00%
Deferred tax liabilities	11,143	10,468	10,468	0	—	0.00%
Non-current provisions	3,819	265	265	0	—	0.00%
Deferred income	37,241	35,199	33,224	-1,975	▼	-5.61%
<b>Total non-current liabilities</b>	<b>106,352</b>	<b>104,026</b>	<b>98,128</b>	<b>-5,898</b>	<b>▼</b>	<b>-5.67%</b>
Trade and other payables	39,129	33,351	41,995	8,644	▲	25.92%
Borrowings [Short-term]	46,886	52,794	52,101	-693	▼	-1.31%
Short term finance leases and other interest bearing obligations	1,662	1,112	392	-720	▼	-64.75%
Deferred revenue	4,103	4,008	4,120	112	▲	2.79%
Other current liabilities	4,104	3,541	4,424	883	▲	24.94%
<b>Total current liabilities</b>	<b>95,884</b>	<b>94,806</b>	<b>103,033</b>	<b>8,226</b>	<b>▲</b>	<b>8.68%</b>
<b>Total liabilities</b>	<b>202,234</b>	<b>198,832</b>	<b>201,161</b>	<b>2,328</b>	<b>▲</b>	<b>1.17%</b>
<b>Total equity and liabilities</b>	<b>353,421</b>	<b>349,895</b>	<b>349,751</b>	<b>-145</b>	<b>▼</b>	<b>-0.04%</b>

The participation of the consolidated companies in the indicators of the Statement of Financial Position in the 1<sup>st</sup> Semester of 2017 is presented in the table below.

[KRON]

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	213,156	60,391	63,179	78,234
LivingJumbo Industry SA	47,661	26,193	34,943	29,722
RC Energo Install SRL	600	4,459	2	3,126
InfoTech Solutions SRL	20	328	0	291
Grinfeld Ucraina	4,427	-866	0	5
Grinruh Ucraina	1,186	1,008	0	7
Recyplat Limited Cipru	20,608	69	0	2
Romcarbon Deutschland GmbH	0	4	4	18
Eco Pack Management SA	252	182	0	1,076
Consolidation adjustments	-19,808	-10,119	0	-9,450
<b>Total</b>	<b>268,100</b>	<b>81,650</b>	<b>98,128</b>	<b>103,033</b>

**NON-CURRENT ASSETS**

In the 1st Semester of 2017 Non-currents assets hold 76.65% of the Group's assets, recording a decrease of LEI 1,980 thousand, i.e. 0.73%, as compared with the beginning of the year.

Non-current assets	30.06.2017	% in total NCA	% in total Assets	2017 vs.2016
Property, plant and equipment	192,989	71.98%	55.18%	-1.24%
Investment property	45,680	17.04%	13.06%	0.00%
Goodwill	143	0.05%	0.04%	-0.69%
Other intangible assets	280	0.10%	0.08%	-25.13%
Investments in associates	28,812	10.75%	8.24%	1.92%
Financial assets	197	0.07%	0.06%	0.00%
<b>Total</b>	<b>268,100</b>	<b>100.00%</b>	<b>76.65%</b>	<b>-0.73%</b>

**CURRENT ASSETS**

**Current assets** hold 23.35% of total assets recording an increase of LEI 1,835 thousand, i.e. 2.30%, as compared with the beginning of the year.

Current assets	30.06.2017	% in total CA	% in total Assets	2017 vs.2016
Inventories	35,890	43.96%	10.26%	-3.45%
Trade and other receivables	34,108	41.77%	9.75%	14.73%
Other current assets	1,131	1.39%	0.32%	-17.57%
Cash and bank balances	10,521	12.89%	3.01%	-8.86%
<b>Total</b>	<b>81,650</b>	<b>100.00%</b>	<b>23.35%</b>	<b>2.30%</b>

**LIABILITIES**

**Total Liabilities** hold 57.52% of the Group's Equity&Liabilities recording an increase of LEI 2,328 thousand, i.e. 1.17%, as compared with the beginning of the year.

**Current Liabilities**, representing 51.22% of total liabilities and 29.46% Total Equity&Liabilities(TEL), registered an increase with LEI 8,226 thousand as compared with 31.12.2016, i.e. 8.68%.

<b>Current liabilities</b>	<b>30.06.2017</b>	<b>% in total CL</b>	<b>% in total liabilities</b>	<b>% in Total liabilities and equity</b>	<b>2017 vs.2016</b>
Trade and other payables	41,995	40.76%	20.88%	12.01%	25.92%
Borrowings [Short-term]	52,101	50.57%	25.90%	14.90%	-1.31%
Short term finance leases and other interest bearing obligations	392	0.38%	0.19%	0.11%	-64.75%
Deferred revenue	4,120	4.00%	2.05%	1.18%	2.79%
Other current liabilities	4,424	4.29%	2.20%	1.26%	24.94%
<b>Total</b>	<b>103,033</b>	<b>100.00%</b>	<b>51.22%</b>	<b>29.46%</b>	<b>8.68%</b>

**Non-current liabilities** registered a decrease of LEI 5,898 thousand, i.e. 5.67%, as compared with the beginning of the year, representing 48.78% of total liabilities and 28.06% of total equity and liabilities.

<b>Non-current liabilities</b>	<b>30.06.2017</b>	<b>% in NCL</b>	<b>% in total liabilities</b>	<b>% in Total liabilities and equity</b>	<b>2017 vs.2016</b>
Borrowings [Long-term]	54,171	55.20%	26.93%	15.49%	-6.62%
Deferred tax liabilities	10,468	10.67%	5.20%	2.99%	0.00%
Non-current provisions	265	0.27%	0.13%	0.08%	0.00%
Deferred income	33,224	33.86%	16.52%	9.50%	-5.61%
<b>Total</b>	<b>98,128</b>	<b>100.00%</b>	<b>48.78%</b>	<b>28.06%</b>	<b>-5.67%</b>

As of 30.06.2017 The Group had contracted loans totalizing LEI 106,272 thousand, as follows :

➤ Short-term loans in amount of LEI 52,101 thousand:

<b>Company</b>	<b>Type</b>	<b>31.12.2016</b>	<b>30.06.2017</b>
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	0	106
LivingJumbo Industry SA	Credit line in euro – BRD	4,087	8,036
LivingJumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	2,553	3,073
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	328	395
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	488	490
Romcarbon SA	Credit line in euro – BRD	11,061	9,032
Romcarbon SA	Credit line in euro – UniCredit Bank SA	15,489	22,272
Romcarbon SA	Credit line in euro – UniCredit Bank SA	10,442	0
Romcarbon SA	Investment loan in euro-BRD [I]	2,386	1,595
Romcarbon SA	Investment loan in euro-BRD [II]	331	474
Romcarbon SA	Investment loan in euro-BRD [III]	2,046	2,051
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	978	1,526
Romcarbon SA	Investment loan in euro-UniCredit [I]	402	500
Romcarbon SA	Investment loan in euro-UniCredit [II]	156	224
Romcarbon SA	Investment loan in euro-UniCredit [III]	0	167
Romcarbon SA	Investment loan in euro-UniCredit [IV]	1,023	1,078
Romcarbon SA	Investment loan in euro-UniCredit [V]	0	58
Romcarbon SA	Investment loan in lei - Eximbank SA	1,024	1,024
<b>Total</b>		<b>52,794</b>	<b>52,101</b>

➤ Long-term loans in amount of LEI 54,171 thousand:

Company	Type	31.12.2016	30.06.2017
LivingJumbo Industry SA	Investment loan in euro-BRD [I]	49	127
LivingJumbo Industry SA	Investment loan in euro-BRD [II]	2,043	2,005
LivingJumbo Industry SA	Investment loan in euro [2015]-UniCredit Bank SA	1,814	1,622
LivingJumbo Industry SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	17,999	16,513
Romcarbon SA	Investment loan in euro-BRD [I]	398	0
Romcarbon SA	Investment loan in euro-BRD [II]	2,743	2,466
Romcarbon SA	Investment loan in euro-BRD [III]	8,353	7,351
Romcarbon SA	Investment loan in euro-UniCredit [I]	2,789	2,540
Romcarbon SA	Investment loan in euro-UniCredit [II]	627	971
Romcarbon SA	Investment loan in euro-UniCredit [III]	0	724
Romcarbon SA	Investment loan in euro-UniCredit [IV]	4,091	3,773
Romcarbon SA	Investment loan in euro-UniCredit [V]	0	533
Romcarbon SA	Investment loan in lei - Eximbank SA	4,607	4,095
Romcarbon SA	Investment loan in euro - Proiect CCE 2015 - UniCredit Bank SA	12,497	11,453
<b>Total</b>		<b>58,009</b>	<b>54,171</b>

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

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

**EQUITY** holding 42.48% of Total Liabilities&Equity, amounts LEI 148,590 thousand, out of which LEI 1,047 thousand represents the Non-Controlling interest. The Equity registered a decrease of LEI 2,473 thousand, i.e. 1.64%, as compared with the beginning of the year.

## **B.) STATEMENT OF COMPREHENSIVE INCOME**

Indicator				[KRON]	
	6 Months of 2015	6 Months of 2016	6 Months of 2017	2017 vs. 2016	
Revenues	104,478	124,604	124,258	▼	- 346
Other income	688	1,879	1,975	▲	96
Investment income	949	916	1,007	▲	91
Other gains and losses	110	-383	-1,297	▼	- 914
Changes in inventories of finished goods and work in progress	4,150	3,287	3,318	▲	31
Raw materials and consumables used	-73,043	-75,874	-84,589	▲	- 8,715
Depreciation and amortization expense	-4,234	-7,254	-8,045	▲	- 791
Employee salaries expenses and social security	-19,807	-24,148	-29,833	▲	- 5,685
Finance costs	-1,078	-1,733	-1,299	▼	434
Other expenses	-7,677	-20,017	-8,419	▼	11,598
Share of profit of associates	2,111	1,972	599	▼	- 1,373
<b>Profit (loss) before taxation</b>	<b>6,647</b>	<b>3,249</b>	<b>-2,324</b>	<b>▼</b>	<b>- 5,573</b>
Profit tax	-825	-999	-112	▼	887
<b>Profit/loss of the period(from operations), attributable to:</b>	<b>5,822</b>	<b>2,250</b>	<b>-2,435</b>	<b>▼</b>	<b>- 4,686</b>
Owners of the parent company	5,836	2,418	-2,410	▼	- 4,830
Non-controlling interests	-14	-167	-25	▼	142
<b>Profit/loss of the period</b>	<b>5,822</b>	<b>2,251</b>	<b>-2,435</b>	<b>▼</b>	<b>- 4,687</b>
Exchange difference on translating foreign operations	573	173	-78	▼	- 251
<b>Comprehensive profit/loss, attributable to:</b>	<b>6,395</b>	<b>2,424</b>	<b>-2,513</b>	<b>▼</b>	<b>- 4,938</b>
Owners of the parent company	6,127	2,613	-2,488	▼	- 5,023
Non-controlling interests	268	-190	-25	▼	165

**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	2015 [KRON]	% in total	2016 [KRON]	% in total	2017 [KRON]	% in total	2017 vs.2016
Romcarbon SA	87,297	71.36%	89,841	64.82%	97,423	69.55%	8.44%
LivingJumbo Industry SA	29,902	24.44%	30,523	22.02%	39,342	28.09%	28.90%
RC Energo Install SRL	1,451	1.19%	3,959	2.86%	2,717	1.94%	-31.38%
Eco Pack Management SA	2,149	1.76%	56	0.04%	1	0.00%	-98.93%
Info Tech Solutions SRL	757	0.62%	1,011	0.73%	594	0.42%	-41.26%
Taipei Cimeo SRL	35	0.03%	-	0.00%	-	0.00%	0.00%
Next Eco Reciclyng SA	-	0.00%	13,206	9.53%	-	0.00%	0.00%
Romcarbon Deutschland GmbH	742	0.61%	-	0.00%	-	0.00%	0.00%
<b>Total, out of which:</b>	<b>122,332</b>	<b>100.00%</b>	<b>138,595</b>	<b>100.00%</b>	<b>140,077</b>	<b>100.00%</b>	<b>1.07%</b>
Within the group	17,854	14.59%	13,991	10.10%	15,818	11.29%	13.05%
Outside the group	104,478	85.41%	124,604	89.90%	124,258	88.71%	-0.28%

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

Revenues	6Months of 2015	% in total	6Months of 2016	% in total	6Months of 2017	% in total	2017 vs.2016
Sales of finished goods (701+709)	71,178	68%	77,806	62%	97,021	78%	24.70%
Sales of intermediary goods	9,181	9%	7,080	6%	8,770	7%	23.87%
Sales of residual products	10	0%	3	0%	53	0%	1624.73%
Services rendered	3,273	3%	16,591	13%	1,994	2%	-87.98%
Sales of goods purchased for resale	20,338	19%	22,596	18%	16,084	13%	-28.82%
Revenues from sundry services	497	0%	527	0%	335	0%	-36.33%
<b>Total</b>	<b>104,478</b>	<b>100%</b>	<b>124,604</b>	<b>100%</b>	<b>124,258</b>	<b>100%</b>	<b>-0.28%</b>

**D.) FINANCIAL RATIOS**

Indicator	30/06/2016	31/12/2016	30/06/2017
Net profit	2,251	3,286	-2,435
Profit tax (+)	999	270	112
Expenses with interests (+)	1,512	2,657	1,179
<b>EBIT</b>	<b>4,761</b>	<b>6,213</b>	<b>-1,144</b>
Depreciation(+)	7,254	14,851	8,045
Revenues from subsidies for investment (-)	1,879	3,889	1,975
<b>EBITDA</b>	<b>10,136</b>	<b>17,176</b>	<b>4,925</b>

**1 Profitability**

Indicator	Formula	30/06/16	31/12/16	30/06/17
a) EBITDA to Revenues	$\frac{\text{EBITDA}}{\text{Revenues}} \times 100$	8.13%	7.21%	3.96%
b) EBITDA to Equity	$\frac{\text{EBITDA}}{\text{Equity}} \times 100$	6.70%	11.37%	3.31%
c) Gross profit ratio	$\frac{\text{Gross profit}}{\text{Revenues}} \times 100$	2.61%	1.49%	-1.87%

**2 Liquidity Analysis**

Indicator	Formula	30/06/16	31/12/16	30/06/17
a) Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.85	0.84	0.79

b)	Quick ratio	Current assets-Inventories	0.53	0.45	0.44
		Current liabilities			

**3 Risk Analysis**

	Indicator	Formula	30/06/16	31/12/16	30/06/17
a)	Non-current liabilities to Equity	Non-current liabilities	0.70	0.69	0.66
		Equity			
b)	Interest coverage ration	EBIT	3.15	2,34	-0.97
		Interest expenses			

**4 Activity Analysis**

	Indicator	Formula	30/06/16	31/12/16	30/06/17
a)	Account receivable turnover ratio	Average receivable balance x No. of days	70	65	46
		Revenues			
b)	Account payable turnover ratio	Average payables balance x No. of days	56	54	55
		Revenues			

**5 Profitability ratios**

	Indicator	Formula	30/06/16	31/12/16	30/06/17
a)	Return on assets (ROA)	Net profit x 100	0.6369%	0.9391%	-0.6962%
		Total Assets			
b)	Return on equity (ROE)	Net profit x 100	1.4889%	2.1751%	-1.6387%
		Equity			
c)	Return on sales (ROS)	Net profit x 100	1.8065%	1.3792%	-1.9596%
		Turnover			

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

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

	6 Months 2016	12 Months 2016	6 Months 2017
Cash generated from operations ( A )	13,712	6,292	11,142
Net cash (used in)/generated by investing activities( B )	4,823	4,611	-7,548
Net cash generated/used by/in financing activities ( C )	-26,228	-16,373	-4,617
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)</b>	<b>-7,693</b>	<b>-5,470</b>	<b>-1,023</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>17,014</b>	<b>17,014</b>	<b>11,544</b>
The impact on cash of the exchange difference on translating foreign operations	0	0	0
Cash from subsidiaries acquisitions	0	0	0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>9,321</b>	<b>11,544</b>	<b>10,521</b>

\*  
\* \*

Please note that the Consolidated Financial Statements as at June 30, 2017 have not been audited.

Chairman of the Board,  
Hung Ching Ling

CEO : Andrei Radu  
CFO :Zainescu Viorica Ioana



**ROMCARBON S.A. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2017**

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



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**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	<u>Note</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
Revenues	<b>3</b>	124.258	124.604
Other income		1.975	1.879
Investment income		1.007	916
Other gains or losses	<b>5</b>	(1.297)	(383)
Changes in finished products and production in progress		3.318	3.287
Raw materials and consumables used	<b>4</b>	(84.589)	(75.874)
Depreciation and amortization expense	<b>6</b>	(8.045)	(7.253)
Employee salaries and social security	<b>7</b>	(29.833)	(24.148)
Finance costs	<b>8</b>	(1.299)	(1.733)
Other expenses	<b>9</b>	(8.419)	(20.017)
Share of profit of associates	<b>14</b>	599	1.972
<b>Profit before taxation</b>		<b><u>(2.325)</u></b>	<b><u>3.250</u></b>
Profit tax	<b>10</b>	(112)	(999)
<b>Profit from operations</b>		<b><u>(2.435)</u></b>	<b><u>2.251</u></b>
<b>Profit of the period</b>		<b><u>(2.435)</u></b>	<b><u>2.251</u></b>
<b>Attributable to:</b>			
Owners of the parent		(2.410)	2.418
Non-controlling interests		(25)	(167)
<b>From core operations:</b>			
RON (cents per share)		-0.009	0.009
Average number of shares		264.122	264.122

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2017.

**Prepared by,**

**HUNG CHING LING,**  
**Chairman of the Board**

**VIORICA ZAINESCU,**  
**Financial Manager**

**ANDREI RADU,**  
**General Manager**

**ROMCARBON S.A**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED JUNE 30,2017**

<u>Note</u>	<u>Perioada încheiată 30 iunie 2017</u>	<u>Perioada încheiată 30 iunie 2016</u>
	<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income subsequently non-transferrable to profit or loss</b>		
Exchange differences on translating foreign operations	(50)	258
<b>Other comprehensive income subsequently transferrable to profit or loss</b>		
Exchange differences on translating foreign operations	(28)	(86)
<b>Comprehensive income of the year</b>		
<b>Attributable to:</b>		
Owners of the parent	(28)	195
Non-controlling interests	-	(23)
<b>Total comprehensive income</b>	<b>(2.513)</b>	<b>2.424</b>
Owners of the parent	(2.488)	2.613
Non-controlling interests	(25)	(190)

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Chairman of the Board

**VIORICA ZAINESCU,**  
Financial Manager

**ANDREI RADU,**  
General Manager

**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED JUNE 30,2017**

	<u>Note</u>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>11</b>	192.989	195.416
Investment property	<b>32</b>	45.680	45.680
Goodwill	<b>12</b>	143	144
Other intangible assets	<b>13</b>	280	373
Investment in associates	<b>14</b>	28.812	28.270
Financial assets	<b>14</b>	197	197
<b>Total non-current assets</b>		<b>268.101</b>	<b>270.080</b>
<b>Current assets</b>			
Inventories	<b>15</b>	35.890	37.171
Trade and other receivables	<b>16</b>	34.108	29.728
Other current assets	<b>17</b>	1.131	1.372
Cash and bank balances	<b>31</b>	10.521	11.544
<b>Total current assets</b>		<b>81.650</b>	<b>79.815</b>
<b>Total assets</b>		<b>349.751</b>	<b>349.895</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	<b>18</b>	26.412	26.412
Share premiums		2.182	2.182
Reserves	<b>19</b>	40.864	41.364
Retained earnings	<b>20</b>	78.084	80.032
Equity attributable to owners of the parent		147.543	149.990
Non-controlling interest	<b>21</b>	1.047	1.072
<b>Total equity</b>		<b>148.590</b>	<b>151.062</b>
<b>Non-current liabilities</b>			
Long-term borrowings	<b>22</b>	54.171	58.009
Finance lease liabilities	<b>22</b>	-	85
Deferred tax liabilities	<b>10</b>	10.468	10.468
Other non-current liabilities with provisions		265	265
Deferred income	<b>26</b>	33.224	35.199
<b>Total non-current liabilities</b>		<b>98.128</b>	<b>104.026</b>

**ROMCARBON S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED JUNE 30, 2017**

	<u>Note</u>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
		<i>thousand LEI</i>	<i>thousand LEI</i>
<b>Current liabilities</b>			
Trade and other liabilities	<b>24</b>	41.995	33.351
Short-term borrowings	<b>22</b>	52.101	52.794
Finance leases	<b>22</b>	392	1.112
Deferred income		4.120	4.008
Other current liabilities	<b>23</b>	4.424	3.541
		<u>103.033</u>	<u>94.806</u>
<b>Total current liabilities</b>		<b>103.033</b>	<b>94.806</b>
<b>Total liabilities</b>		<b>201.161</b>	<b>198.832</b>
<b>Total equity and liabilities</b>		<b>349.751</b>	<b>349.895</b>

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**Financial Manager**

**ANDREI RADU,**  
**General Manager**

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

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**VIORICA ZAINESCU,**  
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**ANDREI RADU,**  
General Manager

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The accompanying notes are integral part of these consolidated financial statements.

(This is a free translation from the original Romanian version)

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

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

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2017.

Prepared by,

**HUNG CHING LING,**  
Chairman of the Board

**VIORICA ZAINESCU,**  
Financial Manager

**ANDREI RADU,**  
General Manager

The accompanying notes are integral part of these consolidated financial statements.



**ROMCARBON S.A.**  
**STATEMENT OF CASH FLOWS**  
 FOR THE PERIOD ENDED JUNE 30 ,2017

(This is a free translation from the original Romanian version)

<b>Note</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>thousand LEI</b>	<b>thousand LEI</b>
<b>Cash flows from operating activities:</b>		
<b>Gross profit of the period</b>	<b>(2.323)</b>	<b>3.250</b>
Finance expenses recognized in profit	1.299	1.733
Gains from investments recognized in profit	(23)	(9)
Gain / (Loss) on sale or disposal of fixed assets	141	118
Loss on impairment of trade receivables	(29)	-
Loss on impairment of non-current assets	1.186	-
Amortization / Depreciation of non-current assets	8.045	7.322
Proceeds from the alienation of subsidiaries	-	-
Net gain / loss on foreign exchange	(28)	18
Gain / Loss on investment	-	-
Gain / Loss on revaluation of investment property	-	-
Subsidies	(1.975)	(1.879)
Gain on share of profit of associates	(599)	(1.972)
Increase / Decrease in provisions	-	3.811
Increases in deferred income	112	92
<b>Movements in working capital</b>		
(Increase) / Decrease in trade and other receivables	(4.351)	2.492
(Increase) / Decrease in inventories	1.281	(1.972)
(Increase) / Decrease in other assets	242	859
Increase / (Decrease) in trade and other payables	8.664	1.497
Increase / (Decrease) in other payables	883	1.240
Increase / (Decrease) in deferred tax	-	-
<b>Cash generated by/used in operating activities</b>	<b>12.524</b>	<b>16.599</b>
Interest paid	(1.179)	(1.512)
Income tax paid	(83)	(1.155)
Bank commissions paid	(120)	(221)
<b>Net cash generated by operating activities</b>	<b>11.142</b>	<b>13.711</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(7.538)	(8.668)
Payments for intangible assets	(34)	-
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from subsidies	-	13.482
Payments for financial assets	-	-
Interest received	23	9
Proceeds from disposal of financial assets	-	-
<b>Net cash used in investing activities</b>	<b>(7.548)</b>	<b>4.822</b>

(This is a free translation from the original Romanian version)

<u>Note</u>	<u>June 30, 2017</u> <i>thousand LEI</i>	<u>June 30, 2016</u> <i>thousand LEI</i>
<b>Cash flows from financing activities</b>		
Proceeds from capital increase	-	-
Proceeds from/Repayment of borrowings	(4.532)	(23.233)
Lease payments	(85)	(747)
Payments for purchasing non-controlling shares	-	-
Proceeds from subsidiary acquisition	-	-
Dividends paid	-	(2.245)
	<u>(4.617)</u>	<u>(26.226)</u>
<b>Net cash generated by financing activities</b>		
	<u>(1.023)</u>	<u>(7.692)</u>
<b>Net decrease / (increase) in cash and cash equivalents</b>		
	<u>11.544</u>	<u>17.014</u>
<b>Cash and cash equivalents at the beginning of the year</b>		
Cash from subsidiaries acquired during the year	-	-
<b>Cash and cash equivalents at the end of the year</b>	<u>10.521</u>	<u>9.321</u>

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2017.

**Prepared by,**

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**HUNG CHING LING,**  
Chairman of the Board

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**VIORICA ZAINESCU,**  
Financial Manager

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**ANDREI RADU,**  
General Manager

(This is a free translation from the original Romanian version)

**1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Parent") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. As at June 30, 2017 the Parent's shares were traded on the BSE and its main shareholders were : Living Plastic Industry S.R.L. and Joyful River Limited Loc. Nicosia CYP.

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

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

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

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

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

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

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

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

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

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), no. 164A, etaj 3, within Building C3 – Office Building. The company's main object of activity is - NACE code 8299 - Other business support service activities n.e.c.

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### 1. GENERAL INFORMATION (continued)

In July 2016, SC LivingJumbo Industry SA disposed its holding in NEXT ECO RECICLYNG SA. The company's main object of activity is - 8299 - Other business support service activities n.e.c. The Group purchased such company in December 2015.

In October 2016, GREENSORT RECYCLING SRL, where SC Romcarbon SA was holding 51,00% of the shares and whose object of activity was Recovery of sorted materials was de-registered from the Trade Registry (NACE code 3832).

ROMGREEN UNIVERSAL LTD is a company established in 2011, where SC Romcarbon SA indirectly holds 17,59% of the shares. The company's main office is located in 2 Prodromou & Dimitrakopoulou, 5<sup>th</sup> floor, 1090 Cyprus. The company's object of activity is the conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

GREENFIBER INTERNATIONAL SA is a company established in 2004, where SC Romcarbon SA indirectly holds 17,4682% 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 its 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 17,4682% 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.

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. 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 17,5879% 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, where SC Romcarbon SA indirectly holds 17,5879% of the shares. The company's main office is located in 1051 Budapest, Dorottya utca 9.2. em. 1. The company's object of activity is Management of used waste and treatment of other waste.

GREENLAMP RICICLARE S.A. is a company established in 2010, where SC Romcarbon SA indirectly holds 17,5879% of the shares. The company's main office is located in Tintesti, Odaia Banului village, Frasinu farm, Greenweee warehouse, etaj 1, camera 1, Buzău county. The company's main object of activity is - NACE code 3822 - Treatment and disposal of hazardous waste.

TOTAL WASTE MANAGEMENT SRL is a company established in 2005. In 2012, it changed its object of activity from Business and other management consultancy activities (NACE code 7022) to Collection of non-hazardous waste (NACE code 3811). The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17. As at the date of these financial statements, SC Romcarbon SA was indirectly holding 17,5249% of the share capital.

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**1. GENERAL INFORMATION (continued)**

GREENGLASS RECYCLING SA is a company established in 2013, where SC Romcarbon SA indirectly holds 12,3116% of the shares. The company's main office is located in Buzău, Str. Aleea Industriilor, nr. 17, pav. Comercial, Et. 1, Cam. 2. The company's main object of activity is Recovery of sorted materials (NACE code 3832).

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

GREEN RESOURCES MANAGEMENT is a company established in 2016, where SC Romcarbon SA indirectly holds 11,68%. The company's main office is located in Buzau, Str. Transilvaniei, nr. 132, Remiza PSI Camera 1. The company's object of activity is – NACE code 7022 - Business and other management consultancy activities.

In July 2016, the shareholders of ROMGREEN UNIVERSAL LTD decided to increase the share capital of the company by issuing 11.800 shares (11.252 Class A shares and 548 Class b shares) at a nominal value of EUR 1/share. The capital increase was performed by an issuance premium of EUR 624,7015/share.

RECYPLAT LTD, a company 100% held by ROMCARBON SA, did not participate in this increase, therefore the shareholding in ROMGREEN UNIVERSAL dropped to 17,5879%.

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

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30, 2017

(This is a free translation from the original Romanian version)

1. **GENERAL INFORMATION (continued)**

	<b>Place of establishment</b>	<b>Object of the Activity</b>	<b>Interest %</b>	<b>Control %</b>	<b>Cost as at 30.06.2017</b>	<b>Interest %</b>	<b>Control %</b>	<b>Cost as at 31.12.2016</b>
S.C. GREENWEEE INTERNATIONAL S.A.	Romania	Dismantling of wrecks for materials recovery	17,59%	17,59%	-	17,59%	17,59%	-
GREENFIBER INTERNATIONAL S.A.	Romania	Manufacture of man-made fibres	17,47%	17,47%	-	17,47%	17,47%	-
GREENWEEE INTERNATIONAL HUNGARY KFT	Hungary	Management of used waste and treatment of other waste	17,59%	17,59%	-	17,59%	17,59%	-
LIVING JUMBO INDUSTRY S.A.	Romania	Manufacture of plastic packing goods	99,00%	99,00%	1.639.232	99,00%	99,00%	1.639.232
GREENTECH DOO SERBIA	Serbia	Recycling of non-metallic waste and scraps	15,72%	15,72%	-	15,72%	15,72%	-
GRINTEH MK DOO MACEDONIA	Macedonia	Recycling of non-metallic waste and scraps	15,63%	15,63%	-	15,63%	15,63%	-
GRINFILD LLC UCRAINA	Ukraine	Wholesale trade	62,62%	62,62%	2.687.755	62,62%	62,62%	2.687.755
GRINRUH LLC UCRAINA	Ukraine	Wholesale trade	62,62%	62,62%	4.426.809	62,62%	62,62%	4.426.809
RC ENERGO INSTALL S.R.L.	Romania	Plumbing, heat and air conditioning installation	100,00%	100,00%	15.112	100,00%	100,00%	15.112
INFO TECH SOLUTIONS S.R.L.	Romania	Data processing, hosting and related activities	99,50%	99,50%	1.980	99,50%	99,50%	1.980
TOTAL WASTE MANAGEMENT S.R.L.	Romania	Collection of non-hazardous waste	17,52%	17,52%	-	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%	-
ASOCIATIA ECOLOGICA "GREENLIFE"	Romania		33,33%	45,00%	400	33,33%	45,00%	400

**ROMCARBON S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED JUNE 30, 2017

	<b>Place of establishment</b>	<b>Object of the Activity</b>	<b>Interest %</b>	<b>Control %</b>	<b>Cost as at 30.06.2017</b>	<b>Interest t%</b>	<b>Control %</b>	<b>Cost as at 31.12.2016</b>
RECYPLAT LTD	Cyprus	Business and other management consultancy activities	100,00%	100,00%	20.261.120	100,00%	100,00%	20.857.287
ROMGREEN UNIVERSAL CIPRU	Cyprus	Business and other management consultancy activities	17,59%	17,59%	-	17,59%	17,59%	-
GREENLAMP	Romania	Treatment and disposal of hazardous waste	17,58%	17,58%	-	17,58%	17,58%	-
RECICLARE SA	Romania	Other business support service activities n.e.c.	99,24%	99,24%	2.619.254	99,24%	99,24%	2.619.254
ECO PACK	Romania	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
MANAGEMENT SA	Romania	Real estate development	0,23%	0,23%	1.020	0,23%	0,23%	1.020
ROMCARBON DEUTSCHLAND GMBH	Germany	Business and other management consultancy activities	11,68%	11,68%	-	99,00%	99,00%	200
ARCH DEVELOPMENT ASSOCIATES SRL	Romania							
Green Resources Management SRL	Romania							

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## **2. MAIN ACCOUNTING POLICIES**

### **Statement of compliance**

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

### **Bases of preparation**

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

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

The main accounting policies are described below.

### **Bases of consolidation**

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

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

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

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

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

### **Standards and Interpretations in force in the reporting period**

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

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortization - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),



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

### **Standards and Interpretations in force in the reporting period (continued)**

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

### **Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective**

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

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 15 "Revenue from Contracts with Customers"** and 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).
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),

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**2. MAIN ACCOUNTING POLICIES (continued)****Amendments to the existing standards issued by IASB and adopted by the EU but not yet effective (continued)**

- **Amendments to IFRS 10 "Consolidated financial statements"**, IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates" (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates 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 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),

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

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

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

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

**Business combination**

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

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

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

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

### **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.

### **Revenues recognition**

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

### **Sale of goods**

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

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

### **Dividend and interest income**

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

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

(This is a free translation from the original Romanian version)

## **2. MAIN ACCOUNTING POLICIES (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.

(This is a free translation from the original Romanian version)

## **2. MAIN ACCOUNTING POLICIES (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, 2017 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.

(This is a free translation from the original Romanian version)

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

### **Taxation (continued)**

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

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

### Current and deferred tax for the period

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

### **Property, plant and equipment**

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

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

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.

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

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

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

The following useful lives are used in the depreciation calculation:

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

**Investment property**

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

**Intangible assets**Intangible assets acquired separately

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

The calculation of amortization uses the following useful lives:

Licences	1 – 5years
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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.

(This is a free translation from the original Romanian version)

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

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

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Costs, including a portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale.

***Provisions***

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

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

**Warranties**

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

**Financial assets and liabilities**

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

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



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

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

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

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

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

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

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.

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(This is a free translation from the original Romanian version)

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

**Financial assets and liabilities (continued)**

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. REVENUE**

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

	<b>Period ended June 30, 2017</b>	<b>Period ended June 30, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Sales of finished products	16.084	77.806
Sales of commodities	97.021	22.596
Services rendered	1.994	-
Other sales	9.159	24.201
<b>Total</b>	<b>124.258</b>	<b>124.604</b>

**Segment reporting**

	<b>Period ended June 30, 2017</b>	<b>Period ended June 30, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Sales on domestic market (Romania)	78.778	89.350
Sales on foreign market (Europe)	44.959	35.210
Other (Israel, Taiwan, China)	522	44
<b>Total</b>	<b>124.258</b>	<b>124.604</b>

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**3. REVENUE (continued)**

	<b>Segment revenue</b>		<b>Segment profit</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
Plastics	85.599	73.874	8.720	11.007
Compound recycled products	17.381	7.591	1.849	337
Other productive sectors	3.521	3.381	583	723
Other	17.758	39.758	451	5.453
<b>Total from operations</b>	<b>124.258</b>	<b>124.604</b>	<b>11.603</b>	<b>19.469</b>
Investment income			1.007	916
Other income			1.975	1.879
Administrative and salary expenses			(15.722)	(15.333)
Finance costs			(1.299)	(1.733)
<b>Profit before taxation</b>			<b>(2.435)</b>	<b>3.250</b>

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

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

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

- “**Materials for respiratory protection and activated coal**” includes sales of respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as active carbon used in different actions of purification of methane resulted in the biodegradation process of household garbage, greening various residues resulted from the oil industry, retention of toxic gas from incinerators, s.o.
- “**Filters**” include sales of oil, fuel and air filters for both motor vehicles and industrial use.
- “**Processed PVC**” includes products made of recycled materials used to produce traffic signs.
- **Other activities** include revenues obtained from other activities representing sales of commodities, rentals and services.

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(This is a free translation from the original Romanian version)

<b>Segment: Assets and Liabilities</b>		<b>Segment Assets</b>		<b>Segment Liabilities</b>	
		<b>June 30, 2017</b>	<b>December 31, 2016</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
		<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
Romcarbon, LivingJumbo Industry	Plastics : Polyethylene + polystyrene + polypropylene + PET products	149.046	147.075	128.321	124.812
Romcarbon	Compound recycled products	92.804	93.079	37.004	37.687
Romcarbon	Other productive sectors	14.624	14.666	4.381	4.462
Romcarbon si Altii	Other activities	93.276	95.075	31.455	31.872
<b>Total Active / Datorii</b>		<b>349.750</b>	<b>349.895</b>	<b>201.161</b>	<b>198.833</b>
<b>Depreciation and non-current assets additions</b>		<b>Segment depreciation</b>		<b>Non-current assets additions</b>	
		<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
		<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
Romcarbon, LivingJumbo Industry	Plastics : Polyethylene + polystyrene + polypropylene + PET products	4.368	4.214	5.018	4.554
Romcarbon	Compound recycled products	1.526	1.252	1.592	6.138
Romcarbon	Other productive sectors	228	176	5	16
Romcarbon si altii	Other activities	1.923	1.612	838	3.210
<b>Total</b>		<b>8.045</b>	<b>7.253</b>	<b>7.453</b>	<b>13.918</b>

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

The Group has one client whose turnover represents 10% of the Group's revenues.

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**4. RAW MATERIALS AND CONSUMABLES USED**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Raw materials	49.581	37.039
Other consumables	4.765	5.359
Energy expenses	4.697	4.116
Commodities sold	25.201	29.172
Packaging cost	345	188
	<b>84.589</b>	<b>75.874</b>

**5. OTHER GAINS AND LOSSES**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Income from the sale of fixed assets	1	299
Provisions and write-off	45	-
Other income	53	62
FOREX gains	2.137	2.325
FOREX loss	(2.359)	(2.318)
Income/expense from closing the investments	-	-
Income / (Expenses) from changes in fair value of investment property	-	(9)
Income / (Expenses) from assets disposed and capital operations	(13)	(299)
Client allowances	-	-
Compensations, fines and penalties	10	1
Net income from provisions	-	-
Other finance expenses	-	-
Other general expenses	17	-
Income from the sale of fixed assets	(1.186)	(443)
<b>Total</b>	<b>(1.297)</b>	<b>(383)</b>

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**6. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Amortization/depreciation, of which:</b>	<b>8.045</b>	<b>7.254</b>
Depreciation of property, plant and equipment	7.930	7.151
Amortization of intangible assets	115	103

**Provisions for assets**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Provisions	-	-
Provizions for risks and expenses	-	3.819
<b>Total</b>	<b>-</b>	<b>3.819</b>

**7. EXPENSES WITH SALARIES AND SOCIAL LEVIES**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Salaries	22.941	18.515
Social contributions	5.500	4.510
Meal tickets	1.392	1.123
<b>Total</b>	<b>29.833</b>	<b>24.148</b>

**8. FINANCE COSTS**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Total interest, of which:</b>	<b>1.299</b>	<b>1.733</b>
Interest	1.162	1.457
Bank commissions and assimilated charges	120	221
Interests related to lease contracts	17	55
<b>Total</b>	<b>1.299</b>	<b>1.733</b>

**ROMCARBON S.A.**  
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**9. OTHER EXPENSES**

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Expenses with repairs	276	193
Expenses with rents	100	249
Expenses with insurance premiums	137	164
Research expenses	-	-
Other expenses with commissions	130	93
Protocol, advertising and publicity expenses	483	508
Transport	3.248	2.865
Expenses with travels	142	122
Expenses with postal charges and telecommunications	117	123
Expenses with third party services	3.143	11.045
Other taxes and levies	432	386
Losses on receivables and sundry debtors	16	5
Expenses with indemnifications, fines and penalties	3	14
Other expenses	191	4.250
<b>Total</b>	<b>8.419</b>	<b>20.017</b>

**10. INCOME TAX**

*Income tax expenses*

	<b>Period ended June 30,2017</b>	<b>Period ended June 30,2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Income tax expenses comprise:</b>		
Current income tax expense	112	999
Deferred tax income expense	-	-
<b>Total expense (income) with income tax</b>	<b>112</b>	<b>999</b>

The tax rate applied for the reconciliation above related to 2017 and 2016 is 16% and is due by all Romanian legal persons.

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**10. INCOME TAX (continued)**

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

	<b>Period ended June 30, 2017</b>	<b>Period ended June 30, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Profit inainte de impozitare</b>	<b>(2.323)</b>	<b>3.250</b>
Tax calculated according to the 16% rate	(372)	520
Effect of non-taxable income	(188)	(139)
Sponsorship deductions	(23)	(37)
Deductions		
Tax loss from previous years	11	63
Effect of reinvested profit	(11)	(63)
Effect of non-deductible expenses	695	718
<b>Expense with income tax recognized in income statement</b>	<b>112</b>	<b>999</b>
<b>Components of deferred tax liabilities</b>		
	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Property, plant and equipment	9.186	9.186
Investment property	1.640	1.640
Inventories	(201)	(201)
Trade and other receivables	(157)	(157)
Other	-	-
<b>Recognized deferred income tax liabilities</b>	<b>10.468</b>	<b>10.468</b>
<b>of which: deferred tax on revaluation reserves from comprehensive income</b>	<b>9.830</b>	<b>9.830</b>
	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Opening balance as at January 1</b>	<b>10.468</b>	<b>11.142</b>
<b>(Expense) / Income during the year</b>	<b>-</b>	<b>-</b>
- movement from revaluation reserves	-	(675)
- recognized in income statement	-	-
- from acquisition of subsidiaries	-	-
<b>Closing balance as at June 30</b>	<b>10.468</b>	<b>10.468</b>



**ROMCARBON S.A.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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(This is a free translation from the original Romanian version)

**11. PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Construction</u>	<u>Plant and</u>	<u>Other</u>	<u>Tangible assets</u>	<u>Total</u>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>COST</b>						
<b>Balance as at January 01, 2017</b>	<b>48.156</b>	<b>22.202</b>	<b>168.024</b>	<b>1.430</b>	<b>10.315</b>	<b>250.136</b>
Additions, of which	725	2.885	3.738	105	6.243	13.697
Revaluation increases						
Acquisitions	725	2.885	3.738	105	6.243	13.697
- Transfers	725	2.831	3.199	101	-	6.856
Disposals, of which	-	-	134	67	6.970	7.170
Revaluation decreases	-	-	-	-	-	-
- Transfers	-	-	-	-	6.856	6.856
<b>Balance as at June 30, 2017</b>	<b>48.881</b>	<b>25.087</b>	<b>171.628</b>	<b>1.468</b>	<b>9.588</b>	<b>256.653</b>
<b>Balance as at January 01, 2016</b>	<b>54.522</b>	<b>19.824</b>	<b>159.622</b>	<b>1.411</b>	<b>7.394</b>	<b>242.774</b>
Additions, of which	-	8.768	9.153	126	14.590	32.637
Revaluation increases	-	3.011	7.080	76	1.113	11.280
Acquisitions	-	4.351	-	-	-	4.351
- Transfers	6.366	6.380	751	108	11.669	25.275
Disposals, of which	-	-	-	-	11.280	11.280
Revaluation decreases	6.239	4.648	-	-	-	10.887
- Transfers	-	-	-	-	-	-
<b>Balance as at December 31, 2016</b>	<b>48.156</b>	<b>22.202</b>	<b>168.024</b>	<b>1.430</b>	<b>10.315</b>	<b>250.136</b>

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

	<u>Land</u> <i>Thousand lei</i>	<u>Constructions</u> <i>Thousand lei</i>	<u>Plant and equipment</u> <i>Thousand lei</i>	<u>Other fixtures, plant and furniture</u> <i>Thousand lei</i>	<u>Tangible assets in progress and advances</u> <i>Thousand lei</i>	<u>Total</u> <i>Thousand lei</i>
<b>ACUMULATED DEPRECIATION</b>						
<b>Balance as at January 01, 2017</b>	<b>15</b>	<b>397</b>	<b>53.598</b>	<b>709</b>	-	<b>54.720</b>
Depreciation charge	2	995	6.876	58	-	7.930
Disposals from sale of assets	-	-	(105)	(66)	-	-
<b>Balance as at June 30, 2017</b>	<b>17</b>	<b>1.391</b>	<b>60.368</b>	<b>701</b>	-	<b>62.478</b>
<b>Balance as at January 01, 2016</b>	<b>11</b>	<b>3.562</b>	<b>41.049</b>	<b>658</b>	-	<b>45.282</b>
Depreciation charge	4	1.408	13.128	109	-	14.649
Disposals from sale of assets	-	(292)	(580)	(58)	-	(929)
Additions from business acquisitions	-	-	-	-	-	-
Revaluation decrease	-	(4.282)	-	-	-	(4.282)
<b>Balance as at December 31, 2016</b>	<b>15</b>	<b>397</b>	<b>53.598</b>	<b>709</b>	-	<b>54.720</b>
<b>Adjustmnets for deprecciation</b>	-	-	-	-	<b>1.186</b>	<b>1.186</b>
<b>Net book value</b>						
<b>as at June 30, 2017</b>	<b>48.864</b>	<b>23.696</b>	<b>111.259</b>	<b>768</b>	<b>8.402</b>	<b>192.989</b>
<b>as at December 31, 2016</b>	<b>48.141</b>	<b>21.805</b>	<b>114.425</b>	<b>720</b>	<b>10.325</b>	<b>195.416</b>

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

As at December 31, 2016 the Company revaluated tangible assets from the land and buildings category using the services of an independent valuator. The differences in value reflected in the financial statements ended December 31, 2016 amounted to LEI 6.536 thousand (the land value decreased with LEI 6.239 thousand and construction value increased with LEI 297 thousand).

The net book value of tangible assets under finance lease is LEI 3.402 thousand as at June 30, 2017 (LEI 6.793 thousand as at December 31, 2016).

As at June 30, 2017 the tangible assets were not revaluated.

**Pledged and restricted tangible assets**

**ROMCARBON S.A.**

Tangible assets having a net book value of LEI 140.897 thousand as at June 30, 2017 (December 31, 2016: LEI 136.593 thousand) represent security for loans and credit lines contracted from: BRD GSG, UniCredit Bank, EXIMBANK SA. Some of the commercial banks issued letters of guarantee for certain loans contracted in order to finance the activity. To issue such letters of guarantee, the company pledged fixed assets with a net book value of LEI 0 thousand as at June 30, 2017 (December 31, 2016: LEI 13 thousand).

ROMCARBON S.A. is guarantor in the investment loan contracted by LivingJumbo Industry SA from UniCredit Bank SA in amount of EUR 607 thousand (due in February 2024) by an immovable mortgage of subsequent rank over real estate located on Simileasca (DN2) ringroad, Buzau, identified by cadastral no. 59505 formerly 18740 (having a total surface area of 3.933 sq m) together with mortgage over the superficies right and the construction built by YENKI SRL, holding cadastral number 59505-C1 (Land Registry no. 59505-C1) as well as over any constructions to be built on such properties, cadastral no. 67072 (having a total surface area of 33.436 sq m), cadastral no. 67075 (having a total surface area of 970 sq m), and cadastral no. 59507 formerly 18742 (having a total surface area of 70.231 sq m). As at June 30, 2017 the net book value of such real estate is LEI 10.742 thousand and also by an immovable mortgage of subsequent rank over real estate located on Iasi, Calea Chisinaului, no.29, identified by cadastral no.148536 (having a total surface area of 8.103 sq m) and a net book value as at June 30, 2017 of LEI 2.947 thousand.

**LIVING JUMBO INDUSTRY S.A.**

Tangible assets with a net book value of LEI 42.838 thousand as at June 30, 2017 (December 31, 2016: LEI 43.089 thousand) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

**12. GOODWILL**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>COST</b>		
<b>Balance at the beginning of the year</b>	<b>144</b>	<b>143</b>
Additions from acquisition of subsidiaries	-	1
Impairment of goodwill	1	-
<b>Balance at the end of the year</b>	<b>143</b>	<b>144</b>

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

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**13. OTHER INTANGIBLE ASSETS**

	<u>Licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>COST</b>				
<b>Balance as at January 01, 2017</b>	<b>579</b>	<b>1.198</b>	<b>-</b>	<b>1.778</b>
Additions, of which	23	10	-	34
<i>Transfers</i>	-	-	-	-
<i>Acquisitions</i>	23	10	-	34
Disposals, of which	(71)	(16)	-	(86)
<i>Decreases</i>	(71)	(16)	-	(86)
<i>Transfers</i>	-	-	-	-
<b>Balance as at June 30, 2017</b>	<b>531</b>	<b>1.192</b>	<b>-</b>	<b>1.726</b>
<b>Balance as at January 01, 2016</b>	<b>453</b>	<b>1.213</b>	<b>-</b>	<b>1.667</b>
Additions, of which	137	386	-	523
<i>Transfers</i>	-	-	-	-
<i>Acquisitions</i>	137	386	-	523
Disposals, of which	(11)	(401)	-	(412)
<i>Decreases</i>	(11)	(401)	-	(412)
<i>Transfers</i>	-	-	-	-
<b>Balance as at December 31, 2016</b>	<b>579</b>	<b>1.198</b>	<b>-</b>	<b>1.778</b>
<b>ACUMULATED AMORTIZATION</b>				
<b>Balance as at January 01, 2017</b>	<b>473</b>	<b>932</b>	<b>-</b>	<b>1.405</b>
Expenses with amortization	26	89	-	115
Write-offs on disposal of assets	(2)	(71)	-	(73)
<b>Balance as at June 30, 2017</b>	<b>497</b>	<b>950</b>	<b>-</b>	<b>1.447</b>
<b>Balance as at January 01, 2016</b>	<b>378</b>	<b>854</b>	<b>-</b>	<b>1.232</b>
Expenses with amortization	97	104	-	201
Write-offs on disposal of assets	(2)	(26)	-	(28)
Transfer	-	-	-	-
<b>Balance as at December 31, 2016</b>	<b>473</b>	<b>932</b>	<b>-</b>	<b>1.405</b>
<b>NET BOOK VALUE</b>				
<b>as at June 30, 2017</b>	<b>35</b>	<b>243</b>	<b>-</b>	<b>279</b>
<b>as at December 31, 2016</b>	<b>106</b>	<b>266</b>	<b>-</b>	<b>373</b>

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**14. OTHER FINANCIAL ASSETS**

Details on the Group's associates are as follows:

Name of investment	Core activity	Place of establishment and operations	Ownership	
			June 30, 2017 %	December 31, 2016 %
KANG YANG BIOTECHNOLOGY CO.LTD	Manufacture of products beneficial for human health	Taiwan	5%	5%
Romgreen Universal LTD	Business and other management consultancy activities, core activity	Cyprus	17,59%	17,59%
Asociatia ecologica "Greenlife"	Non-profit organization	Romania	33,33%	33,33%
REGISTRUL MIORITA SA	Shareholders' Registry services	Romania	4%	4%
Yenki	Operation of sports facilities	Romania	33,34%	33,34%
ARCH DEVELOPMENT ASSOCIATES SRL	Real estate development	Romania	0,23%	0,23%

**Changes of investment regarding associates and financial assets:**

	June 30, 2017 <i>Thousand lei</i>	December 31, 2016 <i>Thousand lei</i>
<b>As at January 1</b>	<b>28.467</b>	<b>27.175</b>
Share of profit of associates (Romgreen)	549	3.904
Additions	-	-
Transfer to other comprehensive income	7	148
Dividends collected elimination	-	-
Reduction of Romgreen* share premiums	-	(2.760)*
Others	-	-
<b>Total</b>	<b>29.009</b>	<b>28.467</b>

\*\* In July 2016, the share capital of Romgreen Limited increased by EUR 7.3 million, in which the Group did not participate.

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**15. INVENTORIES**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Raw materials	17.876	21.430
Consumables	3.842	3.575
Items of inventory	109	119
Packaging	210	237
Finished products	5.411	4.845
Production in progress	3.366	2.029
Semi-finished products	5.182	5.399
Residual products	855	361
Commodities	326	463
Impairment allowances for inventories	(1.287)	(1.287)
<b>Total</b>	<b>35.890</b>	<b>37.171</b>

In the 1<sup>st</sup> semester of 2017 , the Group's average inventories rotation was 53 days as compared with 42 days in 1<sup>st</sup> semester of 2016. In 2016 , the Group's average inventories rotation was 49 days.

**16. TRADE AND OTHER RECEIVABLES**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Trade receivables	34.784	30.097
Allowances for doubtful clients	(2.541)	(2.586)
Advances to suppliers of fixed assets	-	-
Advances to suppliers of inventories	119	267
Advances to services suppliers	150	343
Subsidies	-	-
Warranties withheld	6	2
Other receivables	1.590	1.605
<b>Total</b>	<b>34.108</b>	<b>29.728</b>
	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Balance at the beginning of the year</b>	<b>2.586</b>	<b>2.498</b>
Receivables transferred to expenses during the year	-	248
Decrease of allowance recognized in profit and loss	(45)	(160)
<b>Balance at the end of the year</b>	<b>2.541</b>	<b>2.586</b>

**ROMCARBON S.A.**  
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**16. TRADE AND OTHER RECEIVABLES (continued)**

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

	Analysis of receivables over due more than 60 days		Analysis of receivables adjustments by age	
	Period ended June 30, 2017	Period ended December 31, 2016	Period ended June 30, 2017	Period ended December 31, 2016
	Thousand lei	Thousand lei	Thousand lei	Thousand lei
60-90 days	394	42	-	-
90-120 days	29	9	-	-
Over 120 days	3.294	2.862	(2,541)	(2.586)
<b>Total</b>	<b>3.717</b>	<b>2.913</b>	<b>(2,541)</b>	<b>(2.586)</b>

**17. OTHER CURRENT ASSETS**

	Period ended June 30, 2017	Period ended December 31, 2016
	Thousand lei	Thousand lei
Suppliers-debtors for services	657	-
Pre-paid amounts	147	23
Taxes recoverable	326	1.349
<b>Total</b>	<b>1.131</b>	<b>1.372</b>

**18. ISSUED CAPITAL**

	Share capital	
	Period ended June 30, 2017	Period ended December 31, 2016
	Thousand lei	Thousand lei
264.122.096 fully paid ordinary shares (2016: 264.122.096).		
The value of one share is RON 0,1	26.412	26.412
<b>Total</b>	<b>26.412</b>	<b>26.412</b>

**ROMCARBON S.A.**  
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**18. ISSUED CAPITAL (continued)**

	<b>June 30,2017</b>		<b>December 31,2016</b>	
	<b>No. of shares</b>	<b>% ownersh ip</b>	<b>No. of shares</b>	<b>% ownersh ip</b>
LIVING PLASTIC INDUSTRY S.R.L.	86.774.508	32,85%	86.774.508	32,85%
JOYFUL RIVER LIMITED	54.195.089	20,52%	54.195.089	20,52%
ROMANIAN INVESTMENT FUND	0	0,00%	10.337.983	3,91%
BRAICONF SA	23.000.000	8,71%	15.000.000	5,68%
NEW CARPATHIAN FUND	9.350.000	3,54%	0	0,00%
STICHTING BEWAARDER OVERLEVINGSFONDS	10.000.000	3,79%	13.207.000	5,00%
FONDUL DE PENSII ADMINISTRAT PRIVAT NN/NN	7.610.000	2,88%	7.610.000	2,88%
PENSII S.A.F.P.A.P. S.A.				
Other legal persons	14.059.209	5,32%	26.126.909	9,89%
Natural persons	59.133.290	22,39%	50.870.607	19,26%
<b>Total</b>	<b>264.122.096</b>	<b>100,00%</b>	<b>264.122.096</b>	<b>100,00%</b>

**19. RESERVES**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<b>Thousand lei</b>	<b>Thousand lei</b>
Revaluation reserves	41.991	42.407
Reserves from the application of IAS 29 on items of equity	-	-
Translation differences	(1.127)	(1.043)
<b>Total</b>	<b>40.864</b>	<b>41.364</b>



**ROMCARBON S.A.**  
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(This is a free translation from the original Romanian version)

**20. RETAINED EARNINGS**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Balance at the beginning of the year</b>	<b>80.032</b>	<b>77.869</b>
Net profit attributable to parent	(2.410)	3.464
Write-off of application of IAS 29 on capital accounts		-
Reclassification of revaluation reserve to retained earnings	416	385
Transfers from revaluation reserves	-	-
Write-off of transfer of revaluation reserve to reserve realized in 2011	-	-
Sales of subsidiaries	-	-
Corrections of financial assets disposed and repossessed	-	549
Dividends distribution	-	(2.245)
Other	46	9
<b>Balance at the end of the period</b>	<b>78.084</b>	<b>80.032</b>

**21. NON-CONTROLLING INTERESTS**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Balance at the beginning of the year</b>	<b>1.072</b>	<b>1.400</b>
Share of profit for the year	(25)	(178)
Share of other items of capital	-	-
Increases from acquisition of interests	-	-
Dividend distribution	-	-
Decreases in minority interests due to changes in the interest percentage	-	-
Allienation of subsidiaries	-	(150)
Other	-	-
<b>Balance at the end of the period</b>	<b>1.047</b>	<b>1.072</b>

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(This is a free translation from the original Romanian version)

**22. BORROWINGS**

	<b>Short-term</b>		<b>Long-term</b>	
	<b>June 30, 2017</b>	<b>December 31,2016</b>	<b>June 30, 2017</b>	<b>December 31,2016</b>
<b>Secured borrowings – at amortized cost</b>	<b><i>thousandlei</i></b>	<b><i>thousandlei</i></b>	<b><i>thousandlei</i></b>	<b><i>thousandlei</i></b>
Overdraft and Investment loans	52.101	52.794	54.171	58.009
Lease liabilities	392	1.112	-	85
<b>Total</b>	<b>52.493</b>	<b>53.906</b>	<b>54.171</b>	<b>58.094</b>

<b>Short-term loans</b>	<b>Company</b>	<b>June 30, 2017</b>	<b>December 31,2016</b>
		<b><i>Thousand lei</i></b>	<b><i>Thousand lei</i></b>
Credit line Euro - BRD	Romcarbon	9.032	11.062
Credit line Euro - BRD	LivingJumbo Industry	8.036	4.087
Credit line Euro - UniCredit Bank SA	Romcarbon	22.272	15.489
Credit obiect Euro - UniCredit Bank SA	Romcarbon	-	10.442
Investment loan Euro-BRD II	Romcarbon	2.051	2.046
Investment loan Euro-BRD II	Romcarbon	474	331
Investment loan Euro-BRD I	Romcarbon	1.595	2.386
Investment loan in lei - Eximbank SA	Romcarbon	1.024	1.024
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	Romcarbon	1.526	978
Investment loan I in Euro -BRD	LivingJumbo Industry	490	488
Investment loan II in Euro -BRD	LivingJumbo Industry	106	-
Investment loan Euro-UniCredit Bank SA	LivingJumbo Industry	395	328
Investment loan Euro - UniCredit Bank SA - Proiect CCE 2015	LivingJumbo Industry	3.073	2.553
Investment loan I in lei - UniCredit Bank	Romcarbon	500	402
Investment loan II in lei - UniCredit Bank	Romcarbon	224	156
Investment loan III in lei - UniCredit Bank	Romcarbon	167	
Investment loan IV in lei - UniCredit Bank	Romcarbon	1.078	1.023
Investment loan V in lei - UniCredit Bank	Romcarbon	58	
<b>Total</b>		<b>52.101</b>	<b>52.794</b>

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(This is a free translation from the original Romanian version)

**22. BORROWINGS (continued)**

<b>Long-term loans</b>	<b>Company</b>	<b>June 30, 2017</b>	<b>December 31,2016</b>
		<i>Thousand lei</i>	<i>Thousand lei</i>
Investment loan Euro-BRD I	Romcarbon	-	398
Investment loan Euro-BRD II	Romcarbon	2.466	2.743
Investment loan Euro-BRD III	Romcarbon	7.351	8.353
Investment loan I in lei - UniCredit Bank	Romcarbon	2.540	2.789
Investment loan II in lei - UniCredit Bank	Romcarbon	971	627
Investment loan III in lei - UniCredit Bank	Romcarbon	724	-
Investment loan IV in lei - UniCredit Bank	Romcarbon	3.773	4.091
Investment loan V in lei - UniCredit Bank	Romcarbon	533	-
Investment loan Euro - UniCredit Tiriac Bank SA - Proiect CCE	Romcarbon	11.453	12.497
Investment loan in lei - Eximbank SA	Romcarbon	4.095	4.607
Investment loan I Euro-BRD	LivingJumbo Industry	2.005	2.043
Investment loan II in Euro -BRD	LivingJumbo Industry	127	49
Investment loan Euro-UniCredit Tiriac	LivingJumbo Industry	1.622	1.814
Investment loan Euro - UniCredit Tiriac Bank SA - Proiect CCE 2015	LivingJumbo Industry	16.513	17.999
<b>Total</b>		<b>54.171</b>	<b>58.009</b>

As at June 30, 2017, the Group had more loans contracted from various banks, as presented below. The amounts in the presentation are expressed in lei or euro.

**Borrowings Romcarbon SA**

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

- Outstanding amount as at June 30, 2017: LEI 22.271.791 (equivalent of EUR 4.890.707)
- Due date: 10.04.2018
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 23.771.958 identified by:
    - cadastral no. 59505 formerly, 18740 (having a total surface area of 3.933 sq m) located on the beltway Simileasca (DN2), Buzău, together with mortgage over the superficies right and the construction built by YENKI SRL, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;
    - cadastral number 67072 (having a total surface area of 33.436 sq m) located on the beltway Simileasca (DN2), Buzău;
    - cadastral number 67075 (having a total surface area of 970 sq m) located on the beltway Simileasca (DN2), Buzău;
    - cadastral no. 59507 formerly, 18742 (having a total surface area of 70.231 sq m) located on the beltway Simileasca (DN2), Buzău;
    - cadastral number 64699 having a total surface area of 3.308 sq m resulted from the division of the cadastral number 52858 formerly 344/1/15/2 (having a total surface area of 5.467 sq m) located on Str. Transilvaniei, 132, Buzau
    - cadastral number 64371 having a total surface area of 22.830 sq m resulted from the division of the cadastral number 54553 fost 18335 (having a total surface area of 23.451 sq m) located on Str. Transilvaniei, 132, Buzau;

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**22. BORROWINGS (continued)**

- cadastral number 52784 formerly 344/1/5 (having a total surface area of 7.659 sq m) located on Str. Transilvaniei, 132, Buzau;
  - cadastral number 52768 formerly 344/1/7 (having a total surface area of 10.191 sq m) located on Str. Transilvaniei, 132, Buzau;
  - cadastral number 54575 formerly 344/1/1 (having a total surface area of 9.814 sq m) located on Str. Transilvaniei, 132, Buzau;
  - cadastral number 148536(having a total surface area of 8.103 sq m) located on Iasi, Calea Chisinaului, no.29.
2. Mortgage over the credit balance of the accounts in RON or foreign currency opened by S.C. Romcarbon S.A. with UniCredit Bank – Buzău Branch;
  3. Mortgage over 70 machinery having a book net value of LEI 9.046 as at June 30,2017;
  4. Mortgage over the monetary receivables and accessories thereto from current and prospective contracts with LivingJumbo Industry SA , P.H. Bratpol Polonia, Yugosac D.O.O.Serbia;
  5. Assignment of the receivables, notified and accepted by Kasakrom Chemicals SRL Bucharest, Arpa SA Logistics Greece, Metro Cash & Carry Romania SRL, Comandor Impex SRL Focșani, Auchan Romania SA, Snick Ambalaje si Consumabile Magura BZ, Carrefour Romania SA, Horeca Distribution SRL Bucharest, V&T Trade Ltd Sofia Bulgaria;
  6. Mortgage over movable assets in the form of inventory having a maximum value of EUR 1.500.000;
  7. Blank promissory note, with the mention "No Protest";
  8. LivingJumbo Industry SA as co-borrower.

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

- Outstanding amount as at June 30, 2017: LEI 9.032.417 (equivalent of EUR 1.983.447)
- Due date: 30.10.2017
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 12.138.397 identified as follows:
    - 61094 (344/1/6) having a total surface area of 8.922 sq m, 52789 (344/1/8) having a total surface area of 17.922 sq m, 61100 (344/1/9) having a total surface area of 5.950 sq m, 52777 (344/1/10) having a total surface area of 3.720 sq m, 52808 (344/1/11/1) having a total surface area of 4.561 sq m located at Strada Transilvaniei, no. 132, Buzău;
    - 52788 (6778), 52861(6779), 52765 (6777), 61093-C1-U12 (2362/0;1), 61099-C1-U2 (1155/0;2) located at Bld.Unirii, Bl. E3-E4, Buzău having a total surface area of 287 sq m.
  2. Mortgage without dispossession over 31 machinery with a net book value of LEI 264.135 as at June 30,2017;
  3. Mortgage over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch;
  4. Mortgage over receivables with a minimum balance of EUR 500.000 resulting from the commercial contracts concluded by Romcarbon SA with its partners, which total an annual EUR 3.300.000.

**The Company contracted the following long-term loans:****a) Investment loan (I) in amount of EUR 2.058.000 contracted with BRD GSG.**

- Outstanding amount as at June 30, 2017: LEI 1.595.221 (equivalent of EUR 350.298)
- Due date: 01.03.2018
- Guarantees:
  1. Mortgage over the credit balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch.
  2. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 11.969.108 identified as follows: 54589(formerly 344/1/13/2) in total surface area of 2.534 mp; 64708 in total surface area of 10.077 mp resulting from the division of the

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**22. BORROWINGS (continued)**

- area holding cadastral no. 52809(formerly 344/1/15/1); 54304(formerly 13994) in total surface area of 16.787 mp;
3. Mortgage without dispossession over 18 machinery having a net book value of LEI 15.150.807 as at June 30, 2017;
  4. Mortgage over the credit balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch.

**b) Investment loan (II) in amount of EUR 1.000.000 (partially used) contracted with BRD GSG.**

- Outstanding amount as at June 30, 2017: 2.939.984 lei(equivalent of 645.597 euro)
- Due date: 03.09.2022
- Guarantees:
  1. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch;
  2. Mortgage over the balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch;
  3. Mortgage without dispossession over 4 machinery having a net book value of LEI 4.056.977 as at June 30, 2017.

**c) Investment loan (III) in amount of EUR 3.153.160 contracted with BRD GSG.**

- Outstanding amount as at June 30, 2017: LEI 9.401.841 (equivalent of EUR 2.064.569)
- Due date: 03.02.2022
- Guarantees:
  1. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with BRD GSG - Buzău Branch;
  2. Mortgage over the balance of the accounts opened by S.C. LivingJumbo Industry S.A. , as co-debtor, with BRD GSG - Buzău Branch;
  3. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 14.794.813 and a total surface of 34.605 sq m, identified by the following cadastral numbers: 61517 with a surface area of 17.373 sq m, 54582 with a surface area of 4.108 sq m and 64815 with a surface area of 13.678 sq m;
  4. Mortgage over receivables with a minimum balance of EUR 500.000 resulting from the commercial contracts concluded by Romcarbon SA with its partners, which total an annual EUR 3.300.000.

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

- Outstanding amount as at June 30, 2017: LEI 5.118.750
- Due date: 20.06.2022
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 4.959.242 and a total surface of 23.243 sq m, identified with the following cadastral numbers: 52853 with a surface area of 1.323 sq m, 52837 with a surface area of 1.907 sq m, 54576 with a surface area of 380 sq m, 54588 with a surface area of 4.882 sq m, 54558 with a surface area of 152 sq m, 54430 with a surface area of 1.320 sq m, 60631 with a surface area of 911 sq m, 64035 with a surface area of 601 sq m, 55996 with a surface area of 242 sq m and 56197 with a surface area of 11.525 sq m;
  2. Mortgage without dispossession over 2 machinery having a net book value of LEI 4.629.042 as at June 30 ,2017;
  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".

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

Outstanding amount as at June 30, 2017: LEI 12.978.250 (equivalent of EUR 2.849.920)

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**22. BORROWINGS (continued)**

- Due date: 04.12.2023
- Guarantees:
  1. Mortgage over the equipment purchased in project "Development of Romcarbon SA" having a net book value of LEI 28.402.779 as at June 30, 2017;
  2. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

**f) Investment loan (I) in amount of LEI 3.200.000 contracted with UniCredit Bank SA for financing the acquisition of an assets (land + construction) located on Iasi, Calea Chisinaului, nr. 27-29**

- Outstanding amount as at June 30, 2017: LEI 3.039.105
- Due date: 11.07.2023
- Guarantees:
  1. Immovable property mortgage over real estate located in Stefanestii de jos, 15 Sinaia street, Ilfov, identified by cadastral/topographic no. 50009, having a total surface area of 12.774 sq m and a net book value of lei 4.865.944 as at June 30,2017;
  2. Immovable property mortgage over real estate located on the belt-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), holding cadastral no. 67075 (in total surface area of 970 sq m), and holding cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m). As at June 30,2017 the net book value of these real estate was LEI 10.741.801;
  3. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, no.29 identified by cadastral number 148536(having a total surface area of 8.103 sq m) having a book net value of LEI 2.947.315 as at June 30 ,2017;
  4. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, no.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;
  5. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

**g) Investment loan (II) in amount of LEI 2.500.000 contractated with UniCredit Bank SA for co-financing the 2016 investment plan**

- Outstanding amount as at June 30, 2017: LEI 1.194.672
- Due date: 19.09.2021
- Guarantees:
  1. Immovable property mortgage over real estate located on the belt-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), holding cadastral no. 67075 (in total surface area of 970 sq m), and holding cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m). As at June 30,2017 the net book value of these real estate was LEI 10.741.801;
  2. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, nr.29 identified by cadastral number 148536(having a total surface area of 8.103 sq m) having a book net value of LEI 2.947.315 as at June 30 ,2017;
  3. Movable property mortgage over the equipment purchased within the project;
  4. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

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**22. BORROWINGS (continued)**

**h) Investment loan (III) in amount of EUR 442.500 contractated with UniCredit Bank SA co-financing the 2016 investment plan**

- Outstanding amount as at June 30, 2017: LEI 890.968 (equivalent of EUR 195.650)
- Due date: 19.09.2021
- Guarantees:
  1. Immovable property mortgage over real estate located on the belt-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), holding cadastral no. 67075 (in total surface area of 970 sq m), and holding cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m). As at June 30,2017 the net book value of these real estate was LEI 10.741.801;
  2. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, no.29 identified by cadastral number 148536(having a total surface area of 8.103 sq m) having a book net value of LEI 2.947.315 as at June 30 ,2017;
  3. Movable property mortgage over the equipment purchased within the project;
  4. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

**i) Investment loan (IV) in amount of LEI 5.400.000 contracted with UniCredit Bank SA for refinancing the acquisitions of 2016 non-current assets financed initially from the company own sources**

- Outstanding amount as at June 30, 2017: LEI 4.850.454
- Due date: 01.12.2021
- Guarantees:
  1. Immovable property mortgage over real estate located in Stefanestii de jos, Str.Sinaia no.15, Ilfov, identified by cadastral/topographic no. 50009, having a total surface area of 12.774 sq m and a net book value of LEI 4.865.944 as at June 30, 2017;
  2. Immovable property mortgage over real estate located on the belt-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), holding cadastral no. 67075 (in total surface area of 970 sq m), and holding cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m). As at June 30,2017 the net book value of these real estate was LEI 10.741.801;
  3. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, nr.29 identified by cadastral number 148536(having a total surface area of 8.103 sq m) having a book net value of LEI 2.947.315 as at June 30 ,2017;
  4. Movable mortgage without dispossession over 47 machinery having a net book value of LEI 3.953.659 as at June 30, 2017;
  5. Mortgage over the balance of the accounts opened by S.C. Romcarbon S.A. with UniCredit Bank SA.

**j) Investment loan (V) in amount of LEI 2.250.000 contracted with UniCredit Bank SA for financing/refinancing the acquisitions of 2017 non-current assets financed initially from the company own sources**

- Outstanding amount as at June 30, 2017: LEI 590.958
- Due date: 06.04.2022
- Guarantees:
  1. Mortgage on the immovable assets (land + constructions), having a net book value as at June 30,2017 of LEI 22.373.438 indentified by:
    - cadastral no. 59505 formerly, 18740 (having a total surface area of 3.933 sq m) located on the beltway Simileasca (DN2), Buzău, together with mortgage over the superficies

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**22. BORROWINGS (continued)**

right and the construction built by YENKI SRL, holding cadastral no. 59505-C1 (Land Registry 59505-C1) as well as over any constructions to be built on such properties;

- cadastral number 67072 (having a total surface area of 33.436 sq m) located on the beltway Simileasca (DN2), Buzău;
- cadastral number 67075 (having a total surface area of 970 sq m) located on the beltway Simileasca (DN2), Buzău;
- cadastral no. 59507 formerly, 18742 (having a total surface area of 70.231 sq m) located on the beltway Simileasca (DN2), Buzău;
- cadastral number 64699 having a total surface area of 3.308 sq m resulted from the division of the cadastral number 52858 formerly 344/1/15/2 (having a total surface area of 5.467 sq m) located on Str. Transilvaniei, 132, Buzau
- cadastral number 64371 having a total surface area of 22.830 sq m resulted from the division of the cadastral number 54553 fost 18335 (having a total surface area of 23.451 sq m) located on Str. Transilvaniei, 132, Buzau;
- cadastral number 54575 formerly 344/1/1 (having a total surface area of 9.814 sq m) located on Str. Transilvaniei, 132, Buzau;
- cadastral number 148536(having a total surface area of 8.103 sq m) located on Iasi, Calea Chisinaului, nr.29.

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 the equipment purchased within the project;
4. Mortgage over movable assets in the form of inventory having a maximum value of EUR 1.500.000;
5. Blank promissory note, with the mention "No Protest";

**Borrowings LivingJumbo Industry S.A.**

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

- Outstanding amount as at June 30, 2017: LEI 8.036.226 (equivalent of EUR 1.764.691)
- Due date: 30.09.2017
- Guarantees:
  1. Mortgage without dispossession over the machinery belonging to the company estimated at a market value of EUR 800.150 ;
  2. Mortgage over the balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG - Buzău Branch;
  3. Assignment of amounts received based on the commercial contracts concluded with clients in amount of minimum EUR 4.461.299 in 2016 and EUR 7.272.222 in 2017.

**b) Investment loan contracted from BRD GSG at an initial value of EUR 645,000 (partly drawn)**

- Outstanding amount as at June 30, 2017: LEI 2.495.287 (equivalent of EUR 547.945)
- Due date: 07.07.2022
- Guarantees:
  1. Mortgage without dispossession over the machinery forming the object of the investment;
  2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch.

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

- Outstanding amount as at June 30, 2017: LEI 2.017.054 (equivalent of EUR 442.929)

HOME



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**22. BORROWINGS (continued)**

- Due date: 15.02.2024
- Guarantees:
  1. Immovable property mortgage over real estate located on the belt-road Simileasca (DN2), Buzau, identified by cadastral no. 59505 formerly 18740 (in total surface area of 3.933 sq m) and mortgage over the right of superficies and building erected by YENKI SRL SRC, holding cadastral no. 59505-C1 (Land Registry no. 59505-C1) and any buildings to be constructed on such real estate, holding cadastral no. 67072 (in total surface area of 33.436 sq m), holding cadastral no. 67075 (in total surface area of 970 sq m), and holding cadastral no. 59507, formerly 18742 (in total surface area of 70.231 sq m). As at June 30, 2017 the net book value of these real estate was LEI 10.741.801;
  2. Immovable property mortgage over real estate located in Iasi, Calea Chisinaului, nr.29 identified by cadastral number 148536(having a total surface area of 8.103 sq m) having a book net value of LEI 2.947.315 as at June 30 ,2017;
  3. Mortgage over the balance of the accounts opened in LEI or foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with UniCredit Bank SA - Buzău Branch;
  4. Guarantors : SC Romcarbon SA and S.C YENKI S.R.L

**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 drawn)**

- Outstanding amount as at June 30, 2017: 19.585.882 lei (equivalent of 4.300.903 euro)
- Due date: 15.02.2024
- Garantii :
  1. The machinery funded, the estimated value, without VAT, EUR 8.867.855; the assignment of the insurance policy of the machinery purchased out of the loan to UniCredit Bank SA, which will be the sole beneficiary of the policy;
  2. Mortgage over the accounts and sub-accounts opened in LEI or foreign currency with UniCredit Bank SA;

**e) Credit pe termen lung contractat cu BRD GSG avand o valoare initiala de 160.000 EUR (Partial contractat)**

- Outstanding amount as at June 30, 2017: 233.032 lei(equivalent of 51.172 euro)
- Due date: 01.11.2021
- Guarantees:
  1. Mortgage without dispossession over the machinery forming the object of the investment.
  2. Mortgage over the credit balance of the accounts opened in LEI and foreign currency by S.C. LIVING JUMBO INDUSTRY S.A. with BRD-GSG – Buzău Branch

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**23. OTHER CURRENT LIABILITIES**

	<b>Curent liabilities</b>	
	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<b>Thousand lei</b>	<b>Thousand lei</b>
Liabilities to employees	1.733	1.478
Liabilities related social contributions	1.433	1.248
VAT payable	739	374
Income tax	-	-
Tax on salaries	519	439
Other taxes payable	2	3
Other non-trade liabilities	-	-
Interest payable	-	-
<b>Total</b>	<b>4.424</b>	<b>3.541</b>

**24. TRADE AND OTHER LIABILITIES**

	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<b>Thousand lei</b>	<b>Thousand lei</b>
Trade liabilities	35.754	31.546
Suppliers invoices not received	1.571	980
Amounts received in advanced from clients	2.592	641
Sundry creditors (a)	2.078	184
<b>Total</b>	<b>41.995</b>	<b>33.351</b>

(a) Sundry debtors include LEI 1.551 thousand, which represents borrowings from natural and legal person shareholders (see note 28).

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**25. FINANCE LEASE OBLIGATIONS**

**Lease contracts**

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

**Finance lease liabilities**

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>	<b>Period ended June 30, 2017</b>	<b>Period ended December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Present value of finance lease payments</b>				
Amounts due within one year	396	1.133	392	1.112
More than one year, but less than 5 years	-	83	-	85
<b>Total lease liabilities</b>	<b>396</b>	<b>1.216</b>	<b>392</b>	<b>1.197</b>
Less future finance expenses	4	(19)	-	-
Present value of finance lease payments	392	1.197	-	-
<b>Included in the financial statements as:</b>				
Short-term borrowings	392	1.112	-	-
Long-term borrowings	-	85	-	-

**26. DEFERRED REVENUES**

As at June 30, 2017, investment subsidies received by the Group amounted to LEI 37.174 thousand, as follows:

- Romcarbon SA – LEI 21.072 thousand, of which LEI 8.196 thousand for the project "Modernization of the company by purchasing new technologies in production, reshaping, rehabilitation and extension of existing production facilities" not transferred to income and LEI 12.851 thousand related to project "Development of S.C. ROMCARBON S.A. through the purchase of new equipment".
- LivingJumbo Industry SA – LEI 16.102 thousand LEI, of which LEI 15.570 thousand related to investment project "Development of S.C. LIVINGJUMBO INDUSTRY S.A. through the purchase of new equipment" and LEI 532 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.

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## **27. FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**27. FINANCIAL INSTRUMENTS (continued)****(g) Other risks regarding prices**

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

**(h) Credit risk management**

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

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

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

**(i) Liquidity risk management**

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

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

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

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

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

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

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**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:

2017	EUR	USD	Leu	June 30, 2017 Total
	1 EUR = lei 4,5539 <i>Thousand lei</i>	1 USD = lei 4,1928 <i>Thousand lei</i>	1 lei <i>Thousand lei</i>	
<b>ASSETS</b>				
Cash and cash equivalents	1.045	63	9.414	10.521
Receivables and other current assets	9.113	-	24.994	34.108
Other current assets	-	-	1.131	1.131
<b>LIABILITIES</b>				
Trade and other liabilities	10.476	9	31.510	41.995
Other current liabilities	-	-	4.424	4.424
Short and long-term borrowings	94.304	-	11.968	106.272
Short and long-term finance lease liabilities	392	-	-	392
2016	EUR	USD	Leu	December 31, 2016 Total
	1 EUR = 4,5411 lei <i>Thousand lei</i>	1 USD = 4,3033 lei <i>Thousand lei</i>	1 lei <i>Thousand lei</i>	
<b>ASSETS</b>				
Cash and cash equivalents	2.016	63	9.465	11.544
Receivables and other current assets	6.598	249	22.881	29.728
Other current assets	-	-	1.372	1.372
<b>DATORII</b>				
Trade and other liabilities	7.266	480	25.605	33.350
Other current liabilities	-	-	3.541	3.541
Short and long-term borrowings	96.085	-	14.718	110.804
Short and long-term finance lease liabilities	1.197	-	-	1.197

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**27. FINANCIAL INSTRUMENTS (continued)**

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Loss	(10.606)	(10.270)

**Tables regarding liquidity and interest rate risks**

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

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

<b>2017</b>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Non-interest bearing instruments</b>				
Trade liabilities and other current liabilities	41.995	-	-	41.995
<b>Interest bearing instruments</b>				
Short and long-term borrowings	52.101	11.876	42.295	106.272
Short and long-term leases	392	-	-	392
<b>Non-interest bearing instruments</b>				
Cash and cash equivalents	10.521	-	-	10.521
Receivables and other current assets	35.239	-	-	35.239
<b>2016</b>				
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>	<i>Thousand lei</i>
<b>Non-interest bearing instruments</b>				
Trade liabilities and other current liabilities	33.351	-	-	33.351
<b>Interest bearing instruments</b>				
Short and long-term borrowings	52.794	12.205	45.804	110.803
Short and long-term leases	1.112	85	-	1.197
<b>Non-interest bearing instruments</b>				
Cash and cash equivalents	11.544	-	-	11.544
Receivables and other current assets	31.100	-	-	31.100

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**27. FINANCIAL INSTRUMENTS (continued)**

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

<b>Company</b>	<b>Counterparty</b>	<b>Sales 2017</b>	<b>Receivables as at June 30, 2017</b>	<b>Credit limit</b>	<b>Credit days</b>
ROMCARBON	KASAKROM CHEMICALS SRL	11.927	2.634	NO	max 105 days
ROMCARBON	DEDEMAN SRL BACAU	2.905	1.986	NO	90
ROMCARBON	ROMPETROL RAFINARE SA NAVODARI	2.343	1.263	NO	90
ROMCARBON	TORO MANUFACTURING AND SALES SRL	2.250	48	NO	30
ROMCARBON	ELANA HART LTD	2.171	-	NO	0
LIVINGJUMBO INDUSTRY	EXPERGO BUSINESS NETWORK SRL	6.845	1.845	NO	60
LIVINGJUMBO INDUSTRY	BAOBAG	5.404	1.165	NO	52
LIVINGJUMBO INDUSTRY	THRACE-IPOMA SA	2.568	352	NO	30
LIVINGJUMBO INDUSTRY	POLIMERO	2.140	356	NO	35
LIVINGJUMBO INDUSTRY	CIECH SODA ROMANIA S.A.	1.842	325	NO	30



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**28. RELATED PARTY TRANSACTIONS**

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

***Indemnities granted to top management***

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b><i>Thousand lei</i></b>	<b><i>Thousand lei</i></b>
Management salaries	1.641	1.822
Benefits for Board of Administration	165	262
<b>Total</b>	<b>1.807</b>	<b>2.084</b>

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

**Shareholder borrowings**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b><i>Thousand lei</i></b>	<b><i>Thousand lei</i></b>
WU HUI TZU (Living Jumbo Industry SA)	18	18
WINPACK INDUSTRY (Eco Pack Management SRL)	182	196
(Greensort Recycling SRL)	-	-
LIVING PLASTTIC INDUSTRY SRL (LivingJumbo Industry SA)	1.350	-
<b>Total</b>	<b>1.551</b>	<b>215</b>

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**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 2017	6 Months of 2016	6 Months of 2017	6 Months of 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
GREENFIBER INTERNATIONAL SA	2.432	1.456	48	100	504	337	17	42
GREENTEH DOO SERBIA	114	122	-	-	73	-	-	-
GRINTEH D.O.O MACEDONIA	-	80	-	-	-	-	-	-
GREENGLASS RECYCLING SA	9	1	-	1.099	-	-	-	-
GREENTECH SA	1.489	3.270	2.750	626	860	746	988	670
TOTAL WASTE MANAGEMENT	380	555	25	1.189	49	120	-	42
GREENWEEE INTERNATIONAL SA	416	375	189	561	8	40	113	37
GREEN RESOURCES MANAGEMENT S.A.	1	-	-	-	1	-	-	-
GREENLAMP REICLARE SA	1	4	-	-	1	1	-	-
<b>TOTAL</b>	<b>4.843</b>	<b>5.863</b>	<b>3.012</b>	<b>3.575</b>	<b>1.495</b>	<b>1.245</b>	<b>1.117</b>	<b>791</b>

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**29. ACQUISITION OF SUBSIDIARIES**

In 2017 The Group has not acquire new subsidiaries.

**30. DISPOSAL OF SUBSIDIARIES**

In 2017 The Group alienated the holding in Green Resources Management SA to Greentech SA.

**31. CASH ON HAND AND AT BANKS**

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Cash at banks	10.419	11.363
Cash on hand	98	55
Cash equivalents	5	126
<b>Total</b>	<b>10.521</b>	<b>11.544</b>

**32. INVESTMENT PROPERTY**

<b>Investment property</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<i>Thousand lei</i>	<i>Thousand lei</i>
Land	31.399	31.399
Buildings	14.281	14.281
<b>Total</b>	<b>45.680</b>	<b>45.680</b>

The Parent company holds non-current fixed assets (land and buildings) located in Iași, Ștefănești and Buzău in amount of LEI 45.680 thousand.

The Group does not intend to use the assets in Iași in its core activity, they will be held for future capitalization. In consideration of such fact, the property, plant and equipment in Iasi were reclassified to investment property as at December, 31 2016 and June 30, 2017 according to IAS 40 "Investment property".

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

As at December 31, 2016, the Company valued investment property and the result of the valuation, in amount of LEI 759 thousand, was registered to profit or loss account. As at June 30, 2017 the Company hasn't evaluated the "Investment property".

If the Company had valued the investments at cost, their value as at June 30, 2017 would have been Lei 35.433 thousand.

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

#### **Potential tax liabilities**

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

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

#### ***Transfer pricing***

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices. Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification.

#### **Environmental matters**

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

### **34. SUBSEQUENT EVENTS**

#### **SC Romcarbon SA**

In August 01,2017 in the G.S.M it was approved the distribution of the amount of lei 2.007 thousand as dividends as following: from the profit of 2014 the amount of lei 608 thousand and from the profit of 2016 the amount of lei 1.399 thousand.

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

There were no significant events subsequent to the balance sheet date.

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

The consolidated financial statements were authorized by the Board of Administration for issuance on August 28, 2017.

**Prepared by,**

**HUNG CHING LING,**  
**Chairman of the Board**

**VIORICA ZAINESCU,**  
**Financial Manager**

**ANDREI RADU,**  
**General Manager**

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