



In reorganizare judiciara
In judicial reorganisation
En redressement

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www.oltchim.ro
Trade register number: J/38/219/18.04.1991
Unique registration code: RO 1475261

Registration no:1787/15.02.2018

To,

Bucharest Stock Exchange

**Financial Supervisory Authority
Financial Instruments and Investments Sector**

Current report according to N.S.C Regulation no.1/2006

Date of report: February 15, 2018

Name of the company: Oltchim S.A. Rm. Vâlcea

Fax number: 0250/735030/736188

Phone number: 0250/701200

Unique Registration Code:RO1475261

Trade Register Number: J38/219/1991

European Unique Identifier (EUID): ROONRCJ38/219/1991

LEI Code: 254900KXPD2OOC2LLX56

Subscribed and paid up capital: 34,321,138.30 lei

Regulated market where the issued securities are traded: BSE, Standard Category, market symbol OLT

Event to be reported:

The preliminary financial results for 2017

According to the company financial reporting calendar and in compliance with the provisions of the capital market specific legislation on reporting to capital market institutions and shareholders, OLTCHIM SA will bring to the attention of all concerned the individual annual financial statements, preliminary for the year 2017, drawn up in line with International Accounting Standards (IFRS). We mention that the Preliminary Financial Statements are not consolidated at the level of the group and are not audited.

Pending approval of the final form of the financial statements for 2017 could have a non-monetary impact on the financial results of Oltchim SA, the yields of the revaluation of assets to establish their fair value at December 31, 2017, operation in progress at the date of this report.

The comparative analysis of the 2017 preliminary financial indicators with those achieved in the previous year:

thousand lei

Crt. No.	Economic-financial indicators	2017 preliminary	2016	Balance	%
0	1	2	3	4 = 2 - 3	5=2/3*100
1	Turnover	969,854	754,823	+215,032	+28%
2	Total income	1,004,506	831,060	+173,445	+21%
	-operating income	1,001,172	826,952	+174,220	+29%
	-financial income	3,334	4,108	-775	-19%
3	Gross result	65,468	34,808	+30,660	+88%
	-operating result	66,691	35,758	+30,933	+86%
	-financial result	-1,223	-950	-273	-
4	Net result	45,642	26,053	+19,588	+75%
5	EBITDA	131,647	75,326	+56,321	+75%

The analysis of the above data shows a continuation of the positive evolution of the main economic and financial indicators (EBITDA, turnover, gross result, net result), the activity of the company rising each year after 2013, respectively after the company entered the insolvency proceedings.

The increase in turnover in 2017 compared to 2016 by 28% and the significant increase in profitability in 2017 as compared to the previous year confirms the economic and financial stability reached by the company.

The company OLTCHIM SA continues the upward trend of previous periods, obtaining in 2017 the best results since the entry into insolvency proceedings, without taking into account the influence of the scriptic profit, driven by the cancellation of the debts according to the reorganization plan, in 2015.

These results were possible by combining several factors, among which:

- Recovery of sales markets and constant increase of the quantities sold, especially for the products obtained in the Oxo-alcohol plant;
- Refurbishments and capital overhauls carried out at the main process plants, namely: Membrane electrolysis, Oxo-alcohols;
- The favorable market situation of chlor-alkali products in the last quarter of 2017 as a direct consequence of the decrease in the quantities of finished products available on the markets subsequently to the shutdown of some pollutant production facilities in the European Union.

In 2017, the company capitalized 77% of its turnover to export and intra-Community market, up from 73% in 2016.

The value of export and intra-Community deliveries in the amount of 163 million EUR exceeds 5 times the value of intra-Community imports and acquisitions, amounting to only 31 million EUR, resulting in a positive net external balance of 132 million EUR.

Preliminary Financial Statements 2017 and Explanatory Notes are available and can be viewed in electronic form on the OLTCHIM SA website at www.oltchim.ro, in the Investor Relations section - Financial Information as well as in the link below.

**Legal Administrator,
ROMINSOLV SPRL**

**Legal Administrator,
BDO BUSINESS RESTRUCTURING SPRL**

**Special Administrator,
Bogdan Stănescu**

**Deputy General Manager,
Victor Avram**

**Economic Manager,
Alin Smeu**

OLTCHIM SA company in judicial reorganization

**STANDALONE PRELIMINARY FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED
31December 2017**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS ADOPTED BY THE EUROPEAN
UNION ACCORDING TO ORDER OF MINISTRY
OF PUBLIC FINANCE NO. 2844/2016
WITH FURTHER AMENDMENTS**

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STATEMENT OF FINANCIAL POSITION ON 31.12.2017 - Preliminary

(All amounts are in LEI unless otherwise specified)

	31 December 2017	31 December 2016
ASSETS		
Long term assets		
Tangible assets	806,400,452	872,235,002
Real estates investments	4,466,750	6,965,370
Intangible assets	1,193,286	1,472,029
Financial assets	19,904	154,419
Total long term assets	812,080,392	880,826,820
Current assets		
Inventories	72,939,461	52,378,546
Trade receivables	59,397,753	39,048,349
Recoverable taxes	22,185,352	6,364,883
Other assets	10,561,891	951,839
Cash and cash equivalents	59,463,979	27,579,221
Total current assets	224,548,436	126,322,838
TOTAL ASSETS	1,036,628,828	1,007,149,658
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	1,018,299,809	1,018,299,809
Reserves	215,787,716	394,528,299
Retained earnings	(1,561,399,763)	(1,786,500,248)
Total equity	(327,312,238)	(373,672,140)
Long term liabilities		
Loans	615,689,723	615,689,723
Deferred income	3,436,675	4,269,701
Deferred tax liabilities	60,751,255	60,751,255
Provisions	25,782,367	36,343,062
Other long term liabilities	21,316,447	21,316,447
Trade liabilities	367,097,853	367,097,853
Taxes and duties liabilities	29,395,768	32,718,682
Total long term liabilities	1,123,470,088	1,138,186,723
Current liabilities		
Trade liabilities	122,224,030	119,499,946
Taxes and duties liabilities	70,512,516	59,253,855
Other liabilities	47,734,432	63,881,274
Total current liabilities	240,470,978	242,635,075
Total liabilities	1,363,941,066	1,380,821,798
TOTAL EQUITY AND LIABILITIES	1,036,628,828	1,007,149,658

Special Administrator
Stanescu Nicolae Bogdan Codrut

Deputy General Manager
Avram Victor

Economic Manager
Smeu Alin

**OLTCHIM SA, în reorganizare judiciară, in judicial reorganisation, en redressement
STATEMENT OF COMPREHENSIVE INCOME ON 31.12.2017 - Preliminary**

(All amounts are in LEI unless otherwise specified)

	31 December 2017	31 December 2016
Net sales	969,854,386	754,822,697
Income from investments	8,930,037	8,685,838
Other gains or (losses)	128,669	4,425,490
Changes in inventories	12,534,578	4,697,996
Expenses with raw materials and consumables	(471,187,554)	(351,224,312)
Expenses with energy and water	(206,735,513)	(184,075,119)
Expenses with amortization of fixed assets	(92,176,793)	(96,323,413)
Gain (loss) from adjustment for impairment of fixed assets	27,220,198	107,407,226
Wage Expenses	(113,891,296)	(98,224,142)
Net cost of financing	(175,323)	(179,279)
Income from grants	833,027	837,920
Other expenses	(69,866,874)	(116,043,064)
Profit / (Loss) before tax	65,467,542	34,807,838
Income tax	(19,775,242)	(8,754,485)
Tax specific to certain activities	(50,715)	-
Net Profit / (Loss)	45,641,585	26,053,353
Other items of comprehensive income (revaluation reserves)	-	165,933,528
Profit / (Loss) per share	0.1330	0.0759
Number of shares	343,211,383	343,211,383

Special Administrator
Stanescu Nicolae Bogdan Codrut

Deputy General Manager
Avram Victor

Economic Manager
Smeu Alin

EXPLANATORY NOTES
To Standalone Preliminary Financial Statements
for the period ended 31 December 2017

NOTE 1. GENERAL INFORMATION AND MAIN ACTIVITIES

The company Oltchim S.A. is a Romanian legal person having the legal form of open joint stock company and was established under Law 15/1990 by Government Decision no. 1213/20.11.1990.

The headquarters of the company are in Romania, Vâlcea county, Rm.Vâlcea, 1 Uzinei street.

Main field of the activity of the company is the manufacture of organic chemicals.

The main business of the company is the production of organic chemicals.

As of January 30, 2013 it was initiated insolvency procedure for Oltchim SA.

By judgment no. 892/22.04.2015 delivered in the insolvency case no. 887/90/2013, before Vâlcea Courthouse, was confirmed the Reorganization Plan of debtor Oltchim SA proposed by Consortium of Judicial Administrators ROMINSOLV SPRL and BDO BUSINESS RESTRUCTURING SPRL.

The judgment is final and irrevocable by dismissing as unfounded the appeals declared by Electrica Furnizare SA and ANAF (National Agency for Fiscal Administration), the judgment being handed down by the Court of Appeal Pitești on 24.09.2015. Oltchim SA is in judicial reorganization.

At the Creditors' Meeting of August 22, 2016, was approved the extension of the reorganization by another year, until April 2019, respectively.

According to the reorganization plan approved by the creditors and confirmed by the syndic judge, on October 17, 2017, the contract for the sale of the majority of the assets of the Company's patrimony to Chimcomplex SA Borzești was concluded.

The sale-purchase contract was approved by the General Meeting of Creditors in December 2017. According to the provisions of the contract, the actual transfer of the assets sold will be made after:

- the notice of the Competition Council;
- the notice of the Supreme Council of National Defence ;
- full price payment.

The company sold chemicals in 2017 both on the local market, about 23% of the turnover, and on the international market, about 77% of the turnover.

Integrated environmental quality management system (ISO 9001 and ISO 14001) of Oltchim was recertified in 2017 by TUV Management Service body, the certification is valid until 2020.

Shareholding structure

Romanian state, represented by the Ministry of Economy is the main shareholder. Nominal share capital subscribed and paid up as both, at 31 December 2017, and at 31 December 2016 is 34,321,138 lei divided into 343,211,383 shares, each with a nominal value of 0.10 lei. Each share entitles its holder to one vote.

Shareholding structure is the following:

Shareholder	31.12.2017		31.12.2016	
	Number of shares	%	Number of shares	%
Romanian State, through the Ministry of Economy	188,100,976	54.8062	188,100,976	54.8062
PCC SE	111,005,766	32.3433	111,005,766	32.3433
Natural persons	40,452,898	11.7866	38,892,961	11.3321
Legal persons	3,651,743	1.0640	5,211,680	1.5185
TOTAL	343,211,383	100	343,211,383	100

The Company business

The company business includes mainly: production of polyether polyols, chlor-alkali, oxo-alcohols, other chemicals, including technical assistance services and their trading on domestic and export markets, in accordance with the Articles of Incorporation of the Company.

Management structure

By sentence no. 617 of January 30, 2013 delivered by Vâlcea Courthouse – Second civil division in case no. 887/90/2013 was appointed as judicial administrator consortium formed by ROMINSOLV SPRL Bucharest, based in Bucharest, Splaiul Unirii no. 223, 3rd Floor, District 3, number of registration in the Official Record of Insolvency Practitioners 0122/2006, represented by Coordinating Partner Gheorghe Piperea, and BDO BUSINESS RESTRUCTURING S.P.R.L., based in Bucharest, Invingatorilor Str., No. 24 Victory Business Center building, 3rd floor, District 3, number of registration in the Official Record of Insolvency Practitioners 0239/2006, represented by Coordinating Partner Nicolae Bălan.

At the Extraordinary General Assembly of Shareholders on March 14, 2013 the shareholders appointed as special administrator of Oltchim SA, in the insolvency proceedings, Mr. Stănescu Nicolae Bogdan Codruț.

On 31.12.2017, the management of the company is provided by:

Consortium formed by:

ROMINSOLV S.P.R.L., represented by Coordinating Partner Gheorghe Piperea and BDO BUSINESS RESTRUCTURING S.P.R.L. represented by Coordinating Partner Nicolae Bălan

Judicial Administrators

Stănescu Nicolae Bogdan Codruț

Special Administrator

Avram Dănuț Victor

Deputy General Manager

Andrei Nicu Laurențiu

Production Manager

Spiru-Ciobescu Laurențiu-Armand

Commercial Manager

Necșulescu Vasile Sorinel

Maintenance & Energy Manager

Smeu Alin Ion

Economic Manager

Munteanu Dana Maria

Human Resources Manager

Pîrvu Marius

Manager of the Petrochemical Division Bradu

NOTE 2. FIXED ASSETS

Tangible assets are presented in the "Statement of Financial Position" at cost or revalued amount, less amortization and adjustments for depreciation or impairment in accordance with IAS 16 "Tangible assets" and IAS 36 "Impairment of Assets."

The assets of the company were revalued in 2016, the preliminary financial statements at 31.12.2017 including the assets at the revalued value at 31.12.2016. Revaluation at the fair value at 31.12.2017 is ongoing, the data will be presented in the final financial statements for the year 2017.

Fixed assets

Items of fixed assets	Rw. No.	Initial balance 31.12.2016	Increases	Reductions		Final balance 31.12.2017
				Total	Of which: dismantling and cassation	
A	B	1	2	3	4	5=1+2-3
I.Intangible asstes						
Development costs	01	7,827	0	0	X	7,827
Other intangible assets	02	1,566,739	22,917	2,732	2,732	1,586,924
Intangible assets of exploration and evaluation of mineral resources	03	0	0	0	X	0
Advance payments for intangible assets	04	0	0	0	X	0
TOTAL (rw. 01 to 04)	05	1,574,566	22,917	2,732	X	1,594,751
II.Tangible assets						
Land	06	117,980,873	0	2,887,512	X	115,093,361
Construction	07	282,851,244	537,842	1,734,728	0	281,654,358
Plant and machinery	08	527,804,614	19,617,179	57,630	0	547,364,163
Other facilities, tools and furniture	09	2,871,678	52,191	0	0	2,923,869
Real estate investment	10	6,967,281	0	0	0	6,967,281
Tangible assets of exploration and evaluation of mineral resources	11	0	0	0	0	0
Bearer plants	12	0	0	0	0	0
Tangible assets in progress	13	83,044,764	455,837	20,207,212	0	63,293,389
Real estate investment in progress	14	0	0	0	0	0
Advance payments for tangible assets	15	1,032,597	3,152,860	2,631,840	0	1,553,617
TOTAL (rw. 06 to 15)	16	1,022,553,051	23,815,909	27,518,922	0	1,018,850,038
III. Bearer biological assets	17	0	0	0	X	0
IV. Financial fixed assets	18	154,419	0	0	X	154,419
FIXED ASSETS – TOTAL (rw. 05+16+17+18)	19	1,024,282,036	23,838,826	27,521,654	0	1,020,599,208

OLTCHIM SA, în reorganizare judiciară, in judicial reorganisation, en redressement

(All amounts are in LEI unless otherwise specified)

Amortization of fixed assets

Items of fixed assets	Rw. no.	Initial balance 31.12.2016	Amortization year 2017	Amortization of assets removed from company's records	Amortization at 31.12.2017
A	B	6	7	8	9=6+7-8
I. Intangible fixed assets					
Development costs	20	0	2,609	0	2,609
Other fixed assets	21	495	303,805	684	303,616
Intangible assets of exploration and evaluation of mineral resources	22	0	0	0	0
TOTAL (rw. 20+21+22)	23	495	306,414	684	306,225
II. Tangible fixed assets					
Land	24	0	0	0	0
Construction	25	0	15,034,567	24,239	15,010,328
Plants and machinery	26	0	76,314,841	2,586	76,312,255
Other facilities, tools and furniture	27	0	402,351	0	402,351
Real estate investment	28	0	118,620	0	118,620
Tangible assets of exploration and evaluation of mineral resources	29	0	0	0	0
Bearer plants	30	0	0	0	0
TOTAL (rw. 24 to 30)	31	0	91,870,379	26,825	91,843,554
III. Biological assets	32	0	0	0	0
AMORTIZATION – TOTAL (rw. 23+31+32)	33	495	92,176,793	27,509	92,149,779

Adjustments for impairment

Items of fixed assets	Rw. No.	Initial balance 31.12.2016	Adjustments created year 2017	Write-back of adjustments	Final balance 31.12.2017
A	B	10	11	12	13=10+11-12
I. Intangible fixed assets					
Development costs	34	0	0	0	0
Other fixed assets	35	102,042		6,803	95,239
Intangible assets of exploration and evaluation of mineral resources	36	0	0	0	0
TOTAL (rw. 34 to 36)	37	102,042	0	6,803	95,239
II. Tangible fixed assets					
Land	38	9,657,933	0	0	9,657,933
Construction	39	22,729,030	0	2,946,947	19,782,083
Plant and machinery	40	67,224,287	5,773,444	32,394,000	40,603,731
Other fixtures, tools and furniture	41	54,113	0	25,892	28,221
Real estate investments	42	1,911	2,380,000	0	2,381,911
Cost-evaluated tangible fixed assets of exploitation and evaluation of mineral resources	43	0	0	0	0
Bearer plants	44	0	0	0	0
Tangible fixed assets in progress	45	43,685,404	0	0	43,685,404
Real estate investments in progress	46	0	0	0	0
TOTAL (rw. 38 to 46)	47	143,352,678	8,153,444	35,366,839	116,139,283
III. Bearer biological assets	48	0	0	0	0
IV. Financial fixed assets	49	0	134,515	0	134,515
IMPAIRMENT ADJUSTMENTS – TOTAL (rw. 37+47+48+49)	50	143,454,720	8,287,959	35,373,642	116,369,037

NOTE 3. INVENTORIES

In “Statement of Financial Position at 31.12.2017”, inventories are shown at estimated net realizable value by reducing the adjustments for impairment, yielding the following values:

	<u>31 December 2017</u>	<u>31 December 2016</u>
Finished products	32,617,695	21,860,629
Raw materials	21,108,194	9,834,115
Materials	8,096,294	9,177,493
Packaging	1,251,753	258,115
Production in progress	522,010	188,609
Semifinished products	4,575,042	3,305,198
Goods	65,695	69,481
Inventory items	248,925	215,601
Advances paid for purchases of inventories	4,453,853	7,469,303
Total	<u>72,939,461</u>	<u>52,378,546</u>

Adjustments for impairment recorded in each category of inventories are as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>
Adjustments for impairment of finished products	35,949	157,418
Adjustments for impairment of raw materials	3,527,397	4,351,394
Adjustments for impairment of materials	42,647,680	43,210,605
Adjustments for impairment of semifinished products	2,794,144	2,851,019
Adjustments for impairment of packaging	51,948	37,094
Adjustments for impairment of inventory items	331,293	316,045
Total	<u>49,388,411</u>	<u>50,923,575</u>

NOTE 4. RECEIVABLES AND LIABILITIES

Receivables	<u>31 December 2017</u>	<u>31 December 2016</u>
Domestic customers	65,081,942	55,280,517
External customers	53,842,157	43,567,684
Adjustments for impairment domestic customers	(33,586,713)	(33,936,753)
Adjustments for impairment external customers	(25,939,632)	(25,863,099)
Advances paid for services	10,289,173	611,366
VAT to be recovered	21,170,983	5,598,851
Other receivables	1,287,086	1,106,505
TOTAL	<u>92,144,996</u>	<u>46,365,071</u>

OLTCHIM SA, în reorganizare judiciară, in judicial reorganisation, en redressement

(All amounts are in LEI unless otherwise specified)

Liabilities	31 December 2017	31 December 2016
Domestic suppliers	433,717,001	432,919,460
External suppliers	40,258,310	39,934,566
Debts to AAAS	241,306,731	241,306,731
Credits	374,382,992	374,382,992
Loan interest	23,087,269	22,673,667
Customers received in advance	15,346,572	13,743,774
Debts on wages	11,969,985	26,583,812
Taxes and duties due	99,908,284	91,972,537
Deferred tax	60,751,255	60,751,255
Provisions for environmental investments	15,398,976	25,992,947
Provisions for employee benefits	10,350,115	10,350,115
Transactions related to joint operations	-	1,468,163
Other liabilities	37,463,576	38,741,779
TOTAL	1,363,941,066	1,380,821,798

On 31.12.2017 Oltchim SA recorded total liabilities amounted to 1,364 million lei, of which:

- 1,049 milioane lei liabilities under the reorganization plan;
- 184 milioane lei net liabilities accrued after the insolvency, of which 85 milioane lei from the first part of insolvency, with past due date;
- 62 million lei mutual trade liabilities and receivables and debts to the state budget that will compensate for VAT to be recovered;
- 15 million lei provision for the environmental investments provided in the Integrated Environmental Authorization with a deadline for completion in 2021 and 2022;
- 54 million lei other liabilities, mainly deferred tax, liability that is not exigible.

In total liabilities accrued in insolvency is also included the profit tax related to 2015 in amount of 32 million lei calculated for the income generated by debt cancellation. According to the reorganization plan, this is paid in 5 days after the collection of the sale price of the asset bundles.

In 2017 the company continued to pay in full at maturity all current liabilities.

In addition, it reduced the arrears accrued in the first part of insolvency until the confirmation of the reorganization plan and diminished the outstanding debts with 35 million lei, of which:

- to suppliers by 7.1 million lei;
- to redundant personnel by 15 million lei;
- to the state budget by 11.6 million lei;
- to other creditors by 1.3 million lei.

Oltchim SA pays taxes and duties related to salaries by offsetting with negative VAT (VAT to be recovered recorded by the company on 31.12.2017: 21,170,983 lei).

NOTE 5. TURNOVER REPORTING BY OPERATIONAL SEGMENTS

The Company includes the following operating segments:

- Inorganic products – chlor-alkali: liquid and solid caustic soda, hydrochloric acid;
- Macromolecular and synthesis organic products – petrochemicals: polyether polyols, propylene oxide, propylene glycol;
- Oxo-alcohols products: octanol, iso-butanol, n-butanol.

The turnover by types of sale markets:

	31 December 2017	(%)	31 December 2016	(%)
Domestic market	223,091,257	23	202,211,604	27
Export market	746,763,129	77	552,611,093	73
	969,854,386	100	754,822,697	100

The turnover by types of products:

	31 December 2017	(%)	31 December 2016	(%)
Petrochemicals	585,954,738	60.4	479,361,603	63.5
Chlor-alkali	202,088,713	20.8	163,328,006	21.6
Oxo-alcohols	144,783,617	14.9	79,956,434	10.6
Merchandise (mainly resale of utilities)	21,043,509	2.2	21,596,737	2.9
Petrochemical Division Pitesti	166,911	0.0	12,153	0.0
Building materials	7,691	0.0	4,235	0.0
Other	15,809,208	1.6	10,563,529	1.4
Total	969,854,386	100	754,822,697	100

The recovery of the foreign market has been gradually made, with an effect on the increase in turnover, proving that the company is able to deliver products constantly to its partners, within the terms and conditions requested by them.

Turnover from sales of finished products increased in 2017 compared to 2016 by 215 million lei, respectively by 28.5%, being driven both by the increase of the quantities of finished products sold (29% of the increase), as well as the increase in sales prices (71% of the increase) as a result of the increase in international quotations on the products sold.

NOTE 6. NET SALES

	31 December 2017	31 December 2016
Revenue from the sale of finished products	922,994,876	715,042,185
Revenue from sale of merchandise	21,045,430	21,596,737
Other revenue	25,814,080	18,183,775
Total	969,854,386	754,822,697

NOTE 7. OTHER GAINS OR LOSSES

	<u>31 December 2017</u>	<u>31 December 2016</u>
Income from rent	1,436,715	1,847,184
Income from rendering services	731,275	918,052
Income from penalties levied	31,865	24,165
Gain/loss from exchange rate differences	(389,885)	114,686
Gain / (loss) from current asset impairment adjustments	1,808,671	3,752,166
Gain / (loss) from impairment adjustments for financial assets	(134,515)	-
Gain / (loss) from discounts	(33,276)	(337,116)
Gain / (loss) from sale / disposal of fixed assets	(808,574)	(709,323)
Other earnings	(2,550,669)	(1,356,007)
Income from rent	37,062	171,683
Total	<u>128,669</u>	<u>4,425,490</u>

NOTE 8. EXPENSES WITH RAW MATERIALS AND CONSUMABLES, ENERGY AND WATER

	<u>31 December 2017</u>	<u>31 December 2016</u>
Raw materials consumed	430,077,881	307,775,744
Cost of goods sold	18,499,641	19,136,435
Energy and water expenses	206,735,513	184,075,119
Expenditure on consumables	22,610,032	24,312,133
Total	<u>677,923,067</u>	<u>535,299,431</u>

NOTA 9. EXPENDITURE / (REVENUE) WITH DEPRECIATION AND AMORTIZATION OF ASSETS

	<u>31 December 2017</u>	<u>31 December 2016</u>
Amortization of tangible fixed assets	91,870,379	95,545,001
Amortization of intangible fixed assets	306,414	778,412
(Gain) / Loss from impairment adjustments of fixed assets	(27,220,198)	(107,407,226)
Total related to operational assets	<u>64,956,595</u>	<u>(11,083,813)</u>

The gain from impairment of fixed assets is generated by the reversal of the provision established in the previous years for nonoperating assets for which was recorded amortization expense, thus the net expense with depreciation and amortization is strictly related to assets that generated revenue.

NOTE 10. NET COST OF FINANCING

	<u>31 December 2017</u>	<u>31 December 2016</u>
Expenses with bank interest	-	-
Banking fees and similar costs	175,323	179,279
Total	<u>175,323</u>	<u>179,279</u>

NOTE 11. OTHER EXPENSES

	<u>31 December 2017</u>	<u>31 December 2016</u>
Expenses / (Income) from revaluation of property, plant and equipment	-	50,660,321
Expenditures / (Income) from the revaluation of intangible assets	-	(8,469)
Expenses on transport and logistics	17,414,928	14,623,892
Other expenditure on services provided by third parties	17,165,642	23,984,501
ABA Olt Penalties - exceeded concentrations of pollutants in wastewater	13,425,696	2,217,565
Expenses with repairs	9,807,435	7,090,048
Expenses with taxes and fees	5,183,959	5,916,107
Expenses on fines and penalties	2,866,026	5,134,040
Expenditure on insurance	476,387	511,352
Protocol expenses	428,158	492,932
Rental charges	213,817	104,274
Expenditure on receivables	198,406	500,465
Postage and telecommunication expenses	189,065	182,581
Travel expenses	163,080	208,183
Expenditure on commissions and fees	-	52,500
Other expenses	2,334,275	4,372,772
Total	<u>69,866,874</u>	<u>116,043,064</u>

NOTE 12. SALARY COSTS

	<u>31 December 2017</u>	<u>31 December 2016</u>
Gross salaries and allowances	83,315,731	72,783,193
Employer social security charges	24,301,215	21,245,733
Meal tickets	6,274,350	4,195,216
Total	<u>113,891,296</u>	<u>98,224,142</u>

Average number of employees in 2017 was 1,949 compared to 1,943 in 2016.

For all employees is paid social insurance.

Company employees are enrolled in the state pension plan.

NOTE 13. TOTAL COMPREHENSIVE INCOME

	<u>31 December 2017</u>	<u>31 December 2016</u>
Gross comprehensive income	65,467,542	34,807,838
Income tax	(19,775,242)	(8,754,485)
Taxes specific to certain activities	(50,715)	-
Net comprehensive income	<u>45,641,585</u>	<u>26,053,353</u>

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The results recorded in 2017 by OLTCHIM SA confirm the positive evolution recorded in the last years, to which contributed the continuous improvement of the company's activity, the regaining of external sales markets and the refurbishment of the main process plants.

The comparative analysis of the financial indicators registered by OLTCHIM SA in 2017 compared to the year 2016 is presented as follow:

Crt. No.	Economic and Financial Indicators	Preliminary 2017 -thousand lei-	Achieved 2016 - thousand lei-	Balance	%
1	Turnover	969,854	754,823	+215,032	+28.49
2	Total income, of which	1,004,506	831,060	+173,445	+20.87
	-operating income	1,001,172	826,952	+174,220	+21.07
	-financial income	3,334	4,108	-775	-18.85
3	Total expenses, of which:	939,038	796,252	+142,786	+17.93
	-operating expense	934,482	791,194	+143,287	+18.11
	-financial expenses	4,556	5,058	-502	-9.92
4	Gross comprehensive income, of which:	65,468	34,808	+30,660	+88.08
	- operating profit/loss	66,691	35,758	+30,933	+86.51
	- financial profit/loss	-1,223	-950	-273	-
5	EBITDA	131,647	75,326	+56,321	+75%

Compared to 2016, OLTCHIM SA achieved the following results in 2017:

- **Turnover increased** by 215 million lei (equivalent to 46 million euro) compared to 2016;
- **the overall business gross profit of 65 million lei (equivalent to 14 million euro)**, representing an improvement by 31 million lei (equivalent to 7 million euro);
- improvement of financial indicator **EBITDA** by 56 million lei (equivalent to 12 million euro) compared to 2016.

The structure of the **gross comprehensive income** for the year 2017, ie profit in the amount of 65,468 thousand lei, is the following:

- Gross profit of 83,560 thousand lei related to the operating assets from Rm. Valcea site;
- Expenditures of 13,566 thousand lei related to Petrochemical Division Bradu;
- Expenditures of 4,526 thousand lei related to non-operating assets from Rm.Valcea site.

Export and intra- Community market sales in 2017, were 163 million euro. Imports and intra-Community acquisitions, worth only 31 million euro, led to a positive external balance of the company of 132 million euro.

The good performance of the company is also reflected in the comparison with the provisions of the Reorganization Plan. Thus, the 32-month cumulative EBITDA indicator is better by 33.33 million euro compared to the provisions of the Reorganization Plan (cumulated 32-month EBITDA - 51.68 million euro compared to the amount of 18.35 million euro - provided in the Reorganization Plan).

In 2017 OLTCHIM carried out major investment and repairs in order to provide safe and efficient operation of the production plants. Their value amounted to 12,36 million lei, achieved only by own sources.

The following objectives were considered:

- ✓ Investment of 5.2 million lei for rehabilitation within the Membrane Electrolysis with, investments required to maintain the quality of the finished products obtained, a low level of the electricity consumption, as well as for the safety of the plants;
- ✓ The investment of 0.7 million lei for the construction of the loading platform with triole and rigid polyols was made to increase the operational safety during the loading of the polyols;
- ✓ The investment of 2 million lei for the modernization of the D 7-104 / 1,2 settlers, □ The investment of 2 million lei for the modernization of the D 7-104 / 1,2 decanters, the performance and commissioning of the automatic dosing system for coagulation agents led to the reduction of the suspension content in the waste water resulted from the saponification of the Propylene oxide plant resulting in:
 - improvement of the technical process of biological wastewater treatment;
 - advanced heat recovery of these waters;
 - reduction in the suspensions content from the water discharged in the Olt river emissary
- ✓ 3.2 million lei investments in other objectives for capacity modernization and extension and the acquisition of independent equipment required in the manufacturing process;
- ✓ 1.26 million lei for general overhaul to the railway tank wagons in which the main raw materials are supplied and finished products are sold.

NOTE 14. ACCOUNTING POLICIES

Preliminary Financial statements at 31.12.2017 were prepared in accordance with the International Financial Reporting Standards and are unaudite.

For conversion in lei of receivables and payables in foreign currency there were used the exchange rates as of 31.12.2017 communicated by National Bank of Romania.

Going concern

Oltchim is in insolvency proceedings since 30 January 2013. By sentence no. 892/22.04.2015, the bankruptcy judge confirmed the reorganization plan proposed by the judicial administrators and approved by creditors.

Present financial statements have been prepared on a going concern basis which assumes that the Company will continue its activity in the foreseeable future, based on the reorganization plan approved and in progress. The results achieved are better than provisions in the plan, so no adjustments were required.

Basis of assessment

The fair value of fixed assets at 31.12.2017 will be shown in the final financial statements, the operation is in progress. The company's assets were revalued on 31.12.2016, preliminary financial statements at 31.12.2017 including the assets at the value revalued at that date. Amortization calculated at revalued amounts, by straight-line method, is recorded monthly in operating expenses. At a subsequent scrapping or transfer of a revalued asset, the attributable revaluation surplus included in the revaluation reserve is transferred directly to retained earnings representing the revaluation reserve surplus. Transfer of revaluation reserve is possible only if the asset is derecognised.

The financial statements are prepared based on the historical cost modified to include equity adjustment under International Accounting Standard ("IAS") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003. Since 1 January 2004, Romania's economy is no longer considered hyperinflationary. The company ceased applying IAS 29 as of this date.

Transactions in foreign currencies

Transactions in foreign currencies are converted to the functional currency of the Company using the exchange rates on the day of transaction. Monetary assets in foreign currency are converted to the functional currency at the exchange rate at the date of accounting reporting. Exchange differences are recorded in the profit and loss account. Non-monetary assets and liabilities presented based on historical cost in a foreign currency are translated using the exchange rate at the reporting date.

Exchange rates on 31 December 2017 are as follows:

1 euro	4.6597
1 dolar	3.8915

Amortization

Amortization is calculated at revalued amounts, by straight-line method, over the estimated useful life of the assets, starting next month after commissioning, as follow:

	<u>Years</u>
Buildings and special constructions	10 - 50
Plant and machinery	3 - 15
Furniture, appliances, office supplies, others	3 - 15

Land and fixed assets in progress are not subject to amortization.

Expenditure incurred to replace a component of an item of tangible fix assets that is accounted for as a separate asset are capitalized in the fixed asset to the carrying amount of the replaced part.

Other subsequent expenditure is capitalized only when generate future economic benefits for the Company. All other expenses are incorporated in the profit and loss account when incurred.

Costs for the repair and maintenance of property, plant and equipment are stated at cost as they are incurred. Improvements that significantly increase the life or value of the asset are capitalized.

Inventories

The carrying amount of inventories is recognized as an expense in the period in which the corresponding revenue is recognized when the inventories are sold or used in the Company. The cost of inventories supplied is established based on "first in, first out".

The cost of finished products and those in progress includes raw materials, direct labor, other direct expenses and indirect costs related to production (based on normal production capacity) but excluding the cost of the loans. Net achievable value is the estimated sale price in the normal course of business minus the estimated costs for completion, if any, and the cost of the sale. There are adjustments for slow moving inventories, obsolete and worn if necessary.

Cash assets

Cash assets include cash, current accounts, bank deposits and receivable amounts (CEC).

The bookkeeping of cash assets in bank accounts/cash desk and their movement as a result of receipts and payments made is distinct in lei and in foreign currency.

Share capital

The share capital comprises ordinary shares registered at nominal value.

The Company recognizes the changes in the share capital in the conditions provided by the legislation in force and only after their registration with the Trade Registry Office.

The amount of the share capital was adjusted in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Income tax

Income tax comprises a current part and a deferred part. Income tax is recognized in profit or loss account unless it relates to the position previously recognized directly in equity, in which case it is shown in equity.

Current tax is calculated based on the outcome of the fiscal period, using the tax rate in force at the balance sheet date, adjusted with the corrections of the prior years.

Deferred tax is obtained by applying the balance sheet method on all temporary differences between the carrying amount and tax base of balance sheet items. The following temporary differences are not taken into consideration: non-deductible goodwill, the initial recognition of assets or liabilities that are not business combination and that affects neither the accounting profit nor taxable profit. Deferred tax is calculated using tax rates stipulated by legislation to be applied in the period when the temporary difference will be achieved.

Deferred tax to pay is recognized only to the extent that is likely to get taxable profit in the future so that tax losses carried forward and temporary differences to be utilized. Deferred tax payment is reduced to the extent that the related tax benefit is unlikely to be achieved.

NOTE 15. OTHER INFORMATION

Transactions with related parties

Nature of transactions with related parties is detailed below. The company has participated in transactions with related parties in the normal course of business in conditions of normal contract terms.

(i) Transactions with related parties

Sales

	<u>Year ended at 31 December 2017</u>	<u>Year ended at 31 December 2016</u>
Sistemplast SA	41,292	28,554
Oltquino SA	103	363
Protectchim SRL	62,078	369,054
Total	103,472	397,971

Procurement of goods and services

	<u>Year ended at 31 December 2017</u>	<u>Year ended at 31 December 2016</u>
Sistemplast SA	7,900,058	6,612,473
Oltquino SA	0	0
Protectchim SRL	0	3,797
Total	7,900,058	6,616,270

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(i) Balances with related parties**Account receivables**

	<u>Year ended at 31 December 2017</u>	<u>Year ended at 31 December 2016</u>
Sistemplast SA	5,882	1,261
Oltquino SA	0	31
Protectchim SRL	259,277	197,199
Total	<u>265,159</u>	<u>198,491</u>

Suppliers and other liabilities

	<u>Year ended at 31 December 2017</u>	<u>Year ended at 31 December 2016</u>
Sistemplast SA	266,990	636,041
Oltquino SA	0	0
Protectchim SRL	0	0
Total	<u>266,990</u>	<u>636,041</u>

Stock exchange quotation

The closing price of an OLT share 29.12.2017 is 0.2890 lei, and market capitalization registered at this date is 99,188,090 lei.

Special Administrator
Nicolae Bogdan Codrut Stanescu

General Deputy Manager
Victor Avram

Economic Manager
Alin Smeu