

# OLTCHIM

In reorganizare judiciara

In judicial reorganisation

En redressement



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Nr. inregistrare Registrul Cometurului: J/38/219/18.04.1991

Cod unic de inregistrare: RO 1475261

No. registration: 8871/10.08.2017

## Significant increases in economic and financial results in the first half and second quarter of 2017

Despite the difficult conditions, OLTCHIM SA continues the positive series of operational and financial performances registered during the insolvency period, being the fifth consecutive year in which the results reported for the first semester show a growth.

**The turnover** in the first half of this year is **105.8 million euro (480 million lei)**, representing an **increase of 2.21 times over** that achieved in the first half of 2013 (the time when the company entered insolvency proceedings).

Also, the **net result** in the first half of 2017 registered an upward trend compared to the first half of 2013, respectively, from a loss of 33.6 million euro to a profit of **6.1 million euro**.

The results achieved in the first half of 2017 and second quarter 2017 show that the measures envisaged in the reorganization plan approved by the creditors to streamline the company have been successfully implemented. Compared to the provisions of the reorganization plan, cumulated for the 26 month period after approval, EBITDA is better by 21.6 million euro (26-month cumulated EBITDA of 36.3 million euro compared to 14.7 million euro - provisions).

**The turnover** in the first half of 2017 of 480.2 million lei (equivalent to 105.8 million euro) increased by 27% compared to the first half of 2016. Also in the second quarter of 2017 it increased by 24% compared to the same period last year and by 16% against the turnover achieved in the first quarter of this year. The positive evolution of this indicator occurred on the background of the quantitative increase in the sales of finished products (chlor-alkali, oxo-alcohols and polyether polyols) supported by market demand as well as increased sales prices.

**Gross profit** of 36.6 million lei (equivalent to 8.1 million euro) increased significantly by 50% compared to the first half of last year. Also, the gross profit recorded in the second quarter of 2017 surpassed by 43% the result in the second quarter of 2016 and by 158% over the first quarter of this year.

**The operational result EBITDA** of this semester recorded an increase by approximately 20% over the first half of 2016, reaching the equivalent of 13.4 million euro (60.9 million lei) . In the second quarter of this year, the increase in this indicator was significant, ie by 31% compared to the second quarter of 2016 and by 109% compared to the first quarter of 2017.

We point out that these growth results were obtained even though the main raw materials and utilities from the production process saw significant price increases in the first half of 2017 compared to the first half of 2016, respectively, for propylene (the main raw material) by 50% and for electricity by 6%.

The value of **export and intra-Community sales** during January-June 2017 is 82 million euro, representing 78% of the turnover.

The company has a **positive external balance** of 67.7 million euro, the value of imports and intra-Community acquisitions being only 14.3 million euro.

In this half of the year, Oltchim SA **contributed** to the Romanian **consolidated budget** with the amount of 39 million lei, from the VAT to be recovered and from the payments made with a payment order managing to recover the full amount of the current debts related to the first half 2017 (taxes and duties related to salaries and profit tax) and to reduce by 5.9 million lei the debts accrued to the state budget in the first part of the insolvency period (2013-2014).

The full version of the Half Year Report 2017 is available on the OLTCHIM SA website at [www.oltchim.ro](http://www.oltchim.ro), in the Investor Relations / Financial Information section as well as in the link below.

The financial statements completed on June 30, 2017 were not audited.

Further information can be obtained by phone 0250/701665, fax 0250/735030 or e-mail [oltchim@oltchim.com](mailto:oltchim@oltchim.com).

**Judicial Administrator**  
**ROMINSOLV SPRL**

**Judicial Administrator**  
**BDO BUSINESS RESTRUCTURING SPRL**

**Special Administrator**  
**Bogdan Stănescu**

**Deputy General Manager**  
**Victor Avram**

**Economic Manager**  
**Alin Smeu**

**SPECIAL ADMINISTRATOR REPORT**  
**REGARDING THE ACTIVITY OF OLTCHIM S.A. DURING THE SECOND QUARTER OF 2017 AND FIRST HALF OF 2017**

Name of company:	<b>OLTCHIM S.A. Rm.Vâlcea</b> <b><i>Societate în reorganizare judiciară, în judicial reorganisation, en redressement</i></b>
Registered Office:	<b>Rm. Vâlcea, Str. Uzinei nr.1</b>
Telephone number	<b>0250/701 200</b>
Fax number	<b>0250/735 030</b>
Number and date of registration with the Trade Register Office:	<b>J 38/219/18.04.1991</b>
Tax Code:	<b>RO 1475261</b>
The regulated market on which the shares are traded:	<b>Bucharest Stock Exchange, standard category, symbol OLT</b>
Subscribed and paid capital:	<b>34,321,138.30 RON</b>
The main characteristics of the securities issued by Oltchim S.A.:	<b>nominative common shares issued in dematerialized form</b>
Number of shares	<b>343,211,383</b>
Nominal value	<b>0.10 RON/share</b>

Starting with January 30, 2013 Oltchim SA operates in accordance with the provisions of the Law no. 85/2006 regarding the insolvency proceedings.

According to Sentence no. 617 of January 30, 2013 delivered by the Valcea Courthouse - Second civil division in case no. 887/90/2013 was accepted the application of OLTCHIM SA for opening general insolvency proceedings and was appointed as judicial administrator the consortium made up of ROMINSOLV SPRL Bucharest and BDO BUSINESS RESTRUCTURING SPRL Bucharest

Under Article 18 of Law 85/2006 on insolvency proceedings on March 14, 2013, the Extraordinary General Meeting of Shareholders appointed Mr. Stănescu Nicolae - Bogdan-Codruț as the special administrator of Oltchim SA in insolvency proceedings.

By Sentence no. 892 / 22.04.2015 delivered in the insolvency file no. 887/90/2013, at the Valcea Court, the reorganization plan of the debtor Oltchim SA, proposed by the consortium of judicial administrators ROMINSOLV SPRL and BDO BUSINESS RESTRUCTURING SPRL, was confirmed.

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

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

In the first half of this year, in terms of insolvency proceedings, the following steps were taken:

- ❖ It continued the due diligence on the sale of company assets launched in the second half of 2016;
- ❖ At the end of January, the stage of submitting non-binding offers by interested investors was completed, followed by a due diligence analysis by selected bidders;
- ❖ At the Creditors' Meeting dated 06.03.2017 was approved the amendment of the company's business reorganization plan, by all classes of creditors.

The amendment of the plan concerns only the sale method of Oltchim SA (all other provisions of the plan remain in force), meaning that the tender and the sale will be on assets bundles and not by the way of transfer of assets and current business on Oltchim SPV.

The document concerning the reorganization plan is available and can be studied on the Company's website at section Shareholders relationship/Current Reports 2017 (see current report from 09.03.2017) or on the Bucharest Stock Exchange website.

- ❖ Because of the complexity of the project, it was decided at the end of March to extend the deadline for the submission of the binding offers for June 26, 2017, later deferred for July 6, 2017;
- ❖ At the term of June 28, 2017, Vâlcea Court confirmed the amendment of the reorganization plan.

Events subsequent to June 30, 2017:

- ❖ The stage of submitting the final offers ended on July 6, 2017, the binding offers received being analyzed in the following period and subject to the approval of the creditors.

## 1. Economic and financial status

Indicators	thousand lei							
	H1 2017	H1 2016	%	Q2 2017	Q2 2016	%	Q1 2017	%
0	1	2	3=1/2	4	5	6=4/5	7	8=4/7
<b>Turnover</b>	<b>480,212</b>	<b>378,138</b>	<b>127.0</b>	<b>258,459</b>	<b>208,366</b>	<b>124.0</b>	<b>221,753</b>	<b>116.6</b>
<b>Total income</b>	<b>479,236</b>	<b>379,655</b>	<b>126.2</b>	<b>265,507</b>	<b>208,094</b>	<b>127.6</b>	<b>213,729</b>	<b>124.2</b>
-operating income	477,556	377,960	126.4	264,735	207,008	127.9	212,821	124.4
-financial income	1,680	1,694	99.2	772	1,086	71.1	909	85.0
<b>Total expenses</b>	<b>442,582</b>	<b>355,260</b>	<b>124.6</b>	<b>239,084</b>	<b>189,615</b>	<b>126.1</b>	<b>203,498</b>	<b>117.5</b>
-operating expenses	439,703	352,994	124.6	237,593	188,972	125.7	202,110	117.6
-financial expenses	2,880	2,266	127.1	1,491	643	231.8	1,388	107.4
<b>Gross Profit/Loss from current business</b>	<b>36,654</b>	<b>24,395</b>	<b>150.3</b>	<b>26,423</b>	<b>18,479</b>	<b>143.0</b>	<b>10,231</b>	<b>258.3</b>
-operating profit/loss, of which:	37,853	24,967	151.6	27,143	18,037	150.5	10,711	253.4
- amortization expense	23,113	25,954	89.1	14,095	13,474	104.6	9,018	156.3

Indicators	H1 2017	H1 2016	%	Q2 2017	Q2 2016	%	Q1 2017	%
0	1	2	3=1/2	4	5	6=4/5	7	8=4/7
- financial profit/loss	-1,199	-572	*	-719	442	*	-480	*
<b>EBITDA</b>	<b>60,967</b>	<b>50,921</b>	<b>119.7</b>	<b>41,237</b>	<b>31,511</b>	<b>130.9</b>	<b>19,729</b>	<b>209.0</b>
<b>Income tax</b>	<b>8,948</b>	<b>5,796</b>	<b>154.4</b>	<b>6,292</b>	<b>4,187</b>	<b>150.3</b>	<b>2,657</b>	<b>236.8</b>
<b>Taxes specific to certain activities</b>	<b>25</b>	<b>0</b>	<b>*</b>	<b>25</b>	<b>0</b>	<b>*</b>	<b>0</b>	<b>*</b>
<b>Net Profit/Loss</b>	<b>27,680</b>	<b>18,599</b>	<b>148.8</b>	<b>20,106</b>	<b>14,292</b>	<b>140.7</b>	<b>7,574</b>	<b>265.5</b>

The results recorded by the company both in the second quarter and in the first half of this year as compared to the previous periods confirm the positive evolution of the company in recent years, to which contributed the continuous improvement of the company's activity, the regaining of the external sales markets and the refurbishment carried out at the main process plants.

The results recorded on 30.06.2017 reflect an improvement in performance compared with those obtained in previous periods analyzed below, thus:

### H1 2017 compared to H1 2016

**Turnover** increased by 102.1 million lei, i.e. by 27% compared to the same period last year. In the turnover, sales of finished products increased by 98.5 million lei, due both to the quantitative increase (37% of the increase) and to the increase of the sale prices (63% of the increase). The share of exports increased by 3% compared to the same period, accounting for 78% of turnover.



**Gross profit** of 36.7 million lei shows an improvement of 12.3 million lei compared to the first half of 2016 and has the following structure:

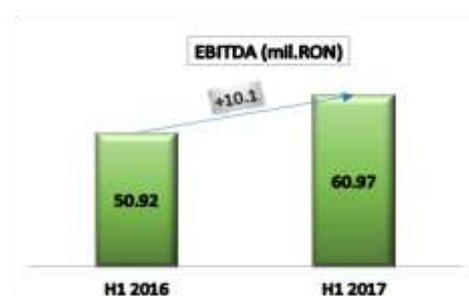
- 44.6 million lei – gross profit generated from operating facilities;
- -7.9 million lei – costs related to non-operating assets located on Bradu Site (5.6 million lei) and Valcea Site (2.3 million lei).

We make notice that these very good results were obtained even if the main raw materials and utilities used in the production process recorded significant price increases in the first half 2017 compared to the first half 2016, as follows:

- The price for propylene, the main raw material, increased by 50%, in line with the international quotations;
- The price for ethylene oxide, another main raw material increased by 14%;
- The price of electric power increased by 6%.

By targeting sales efficiently for the main types of polyols and caustic soda, Oltchim managed to fully mitigate the price increases of raw materials and even to improve overall company profitability.

**EBITDA** improved by 10.1 million lei, or by 20% compared to the first half of 2016.



## **Q2 2017 compared to Q2 2016**

**Turnover** increased by 50.1 million lei, respectively by 24% compared to the same period of the last year.

**Gross profit** of 26.4 million lei shows an improvement of 8 million lei, or by 43% compared to the second quarter of 2016.

**EBITDA** increased by 9.7 million lei, or by 31% compared to the same period last year.

In Q2, the increase in sales of finished products compared to the same period in 2016 was 96% driven by the increase in sales prices and 4% by the increase in the quantities sold.

The largest increase in volume compared to the same period of 2016 had the sales of oxo products, by 22%.

## **Q2 2017 compared to Q1 2017**

**Turnover** increased by 36.7 million lei, or by 16.6% over the same period last year.

**Gross profit** of 26.4 million lei shows an increase of 16.2 million lei, ie more than 2.5 times compared to the first quarter of this year.

**EBITDA** increased by 21.5 million lei, or more than 2 times compared to the previous quarter.

The increase in finished products sales in Q2 compared to Q1 was driven 77% by the increase in sale prices and 23% by the increase in the volumes sold (of which, the polyols had the best evolution, an increase by 11%).

In the second quarter of 2017, after replacing the last electrolyzer (the 7th) in March 2017 of the main process plant - Membrane Electrolysis, the company operated at full capacity with this plant. Thus, the production increased and implicitly the sales of caustic soda, but it also led to the increase of the production and implicitly the sales of polyether polyols because the company had more chlorine generated by electrolysis and used as a raw material for polyether polyols.

As a result, sales of chlor-alkali products increased in the second quarter of 2017 compared to Q2 2016 by 4% and sales of polyols increased by 11%.

These, along with the positive evolution of sales prices, led to a rise in turnover and double profit in Q2 compared to Q1 2017.

## Financial and economic indicators

Indicators	Calculation formula	30.06.2017	30.06.2016
<b>Current ratio</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.75	0.51
<b>Indebtedness ratio</b>	$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100$	negative	negative
<b>Days Sales Outstanding (customers)</b>	$\frac{\text{Accounts receivable}}{\text{Turnover}} \times 180$	15 days	18 days
<b>Turnover of fixed assets</b>	$\frac{\text{Turnover}}{\text{Fixed assets}}$	0.56	0.54

### 1.1. An analysis of the current economic and financial situation

#### a) Financial position on 30 June 2017 :

	thousand lei	
	30.06.2017	31.12.2016
<b>ASSETS</b>		
<b>Long term assets</b>		
Tangible assets	848,839	872,235
Real estates investments	6,906	6,965
Intangible assets	1,322	1,472
Financial assets	46	155
<b>Total long term assets</b>	<b>857,113</b>	<b>880,827</b>
<b>Current assets</b>		
Inventories	48,681	52,379
Trade receivables	42,534	39,048
Recoverable taxes	36,227	6,365
Other assets	6,871	952
Cash and cash equivalents	57,266	27,579
<b>Total current assets</b>	<b>191,579</b>	<b>126,323</b>
<b>TOTAL ASSETS</b>	<b>1,048,692</b>	<b>1,007,150</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity, of which:</b>	<b>(345,338)</b>	<b>(373,672)</b>
Profit/loss for the period	27,680	26,053
<b>Total liabilities</b>	<b>1,394,031</b>	<b>1,380,822</b>
Long term liabilities	1,137,770	1,138,187
Current liabilities	256,261	242,635
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,048,692</b>	<b>1,007,150</b>

## LONG TERM ASSETS

Analyzing the long-term assets at the net residual value, there is a decrease in their value as compared to 31.12.2016 by 23,714 thousand lei, from 880,827 thousand lei to 857,113 thousand lei, driven by:

	thousand lei
<b>Details</b>	<b>6 months 2017</b>
Acquisitions and expense with tangible and intangible assets	+3,948
Impairment of assets by calculating depreciation and other write-downs	-23,113
Outputs of fixed assets	-4,435
Adjustments to financial assets	-109
Other acquisitions and expenditure on tangible and intangible assets	-5

## CURRENT ASSETS

Comparing the value of current assets as of 30.06.2017 with that of 31.12.2016 there is an increase of 65,256 thousand lei, of which:

	thousand lei
<b>Details</b>	<b>6 months 2017</b>
Decrease in inventories	-3,697
Increase in customer receivables	+3,486
Increase in cash and cash equivalents	+29,687
Decrease in other receivables	+35,780

The increase of other receivables is driven to the highest extent by VAT to be recovered, which increased by 29.7 million lei as of 31.12.2016 and is to be offset by Oltchim's debts to the State Budget.

An increase of 6 million lei was registered also by the advances for services rendered as a result of the change in June 2017 of the payment terms of the new procurement contracts for utilities (natural gas and electricity).

	thousand lei	
<b>Customers structure</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
Domestic customers	21,553	22,054
External customers	21,270	17,958
Doubtful domestic customers	33,515	33,226
Doubtful external customers	25,312	25,610
<b>TOTAL</b>	<b>101,650</b>	<b>98,848</b>

The balance of doubtful customers consists of the value of deliveries before 2013. No cases of doubtful customers due to deliveries of finished products in 2013 - first half of 2017. The sale of Oltchim products with term payment is made only to customers with good financial status with which the company has had a long collaboration, and is guaranteed either by payment instruments (checks, promissory notes, letters of credit, etc.), either covered by risk of default insurance.

The amount of 25,524 thousand lei of the balance of the internal and external customers on 30.06.2017 is also found in the current debts of Oltchim, for which offsettings are operated..

## EQUITY

According to the financial statements prepared on June 30, 2017, the value of the equity capital amounts to **-345,338 thousand lei**, consisting of:

	thousand lei	
Details	30.06.2017	31.12.2016
Share capital	34,321	34,321
Capital adjustment	983,979	983,979
Revaluation reserves	374,995	379,695
Legal reserves	14,833	14,833
Loss from previous years	(1,781,147)	(1,812,554)
Profit/Loss of the period	27,680	26,053
<b>TOTAL</b>	<b>(345,338)</b>	<b>(373,672)</b>

The increase in equity was driven by the result recorded in the first half of 2017.

## TOTAL LIABILITIES

	thousand lei	
Total liabilities breakdown	30.06.2017	31.12.2016
<b>TOTAL, of which:</b>	<b>1,394,031</b>	<b>1,380,822</b>
Loans	374,383	374,383
Debt to The Authority for the Management of State Assets	241,307	241,307
Interest related to loans	22,718	22,674
Suppliers	465,943	472,854
Customers received in advance	14,657	13,744
Taxes due	121,270	91,973
Other liabilities	153,753	163,887

On June 30, 2017 Oltchim SA recorded a total debt amounting to 1,394 million lei, of which:

- 1,049 million lei liabilities registered under the Reorganization Plan;
- 204 million lei net debt accrued after insolvency, out of which with the overdue maturity coming from the first part of the insolvency period the amount of 114 million lei;
- 61 million lei mutual liabilities and receivables and debts to the state budget that will be offsetted with VAT to be recovered;
- 26 million lei provision for environmental investments from the Integrated Environmental Permit, to be completed in 2021 and 2022;
- 54 million lei other debts, mainly deferred income tax, which is not chargeable.

	thousand lei	
Current liabilities breakdown	30.06.2017	31.12.2016
<b>TOTAL, of which:</b>	<b>256,261</b>	<b>242,635</b>
Interest related to loans	22,718	22,674
Suppliers	109,351	116,262
Taxes due	88,551	59,254
Customers received in advance	4,152	3,238
Salary debts	3,159	2,973
Severance payments related to redundant staff	10,780	18,786
Salaries paid by the Agency for Unemployment Vâlcea		

<b>Current liabilities breakdown</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
from the Guarantee Fund of salary debts	16,603	16,603
Transactions related to joint operations	0	1,468
Other creditors	947	1,377
		thousand lei
<b>Long term liabilities breakdown</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
<b>TOTAL, of which:</b>	<b>1,137,770</b>	<b>1,138,187</b>
Loans	374,383	374,383
Debts to The Authority for the Management of State Assets	241,307	241,307
Suppliers	356,592	356,592
Taxes due	32,719	32,719
Customers received in advance	10,506	10,506
Salary debts	4,825	4,825
Deferred income	3,853	4,270
Deferred tax	60,751	60,751
Provisions for benefits granted to employees	10,350	10,350
Provisions for environmental investments	25,993	25,993
Other creditors	16,491	16,491

The company's current liabilities towards the major suppliers of raw materials, materials are paid either through direct payments from current receipts or by offsetting with deliveries of finished products.

Oltchim SA pays the taxes and duties related to salaries by offsetting with negative VAT (VAT to be recovered by the company on 30.06.2017 in the amount of 35,315,398 lei), which is performed only after the control of the National Agency for Tax Administration (ANAF).

Under the reorganization plan, the current liabilities resulting from the continuation of Oltchim SA's activity will be paid during the judicial reorganization period according to the documents resulting from it or, if the company does not generate sufficient liquidity from the current operational activity, the payment will be made in 5 business days from the date of Oltchim SA's receipt of the sale price of the asset bundles.

Long-term liabilities are mainly those included in the reorganization plan, confirmed by the bankruptcy judge and the General Assembly of Creditors and will be paid in accordance with this Plan.

In the long-term debt category is also included the tax on the profit obtained as a result of the registration of income from the cancellation of debts under the reorganization plan. According to the schedule of payments in the plan, the corporate income tax resulting from the recognition of payment obligations in the plan in the company's accounts will be paid within a maximum of 5 business days from the date of Oltchim SA's receipt of the sale price of the asset bundles.

b) Statement of comprehensive income on 30 June 2017

	thousand lei	
Details	30.06.2017	30.06.2016
Net sales	480,212	378,138
Income from investments	4,388	4,342
Other gains or (losses)	(945)	969
Changes in inventories	(12,437)	(8,170)
Expenses with raw materials and consumables	(222,726)	(165,214)
Expenses with energy and water	(102,750)	(85,569)
Expenses with impairment and amortization of assets	(23,113)	(25,954)
Salary Expenses	(55,069)	(49,124)
Net cost of financing	(83)	(90)
Income from subsidies	417	421
Other expenses	(31,240)	(25,354)
<b>Profit / (Loss) before tax</b>	<b>36,654</b>	<b>24,395</b>
Income tax	(8,948)	(5,796)
Taxes specific to certain activities	(25)	-
<b>Net Profit / (Loss)</b>	<b>27,680</b>	<b>18,599</b>
<b>Other items of comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>27,680</b>	<b>18,599</b>
<b>Profit / (Loss) per share</b>	<b>0.0807</b>	<b>0.0542</b>
Number of shares	343,211,383	343,211,383

### TURNOVER

The turnover achieved in the first half of 2017 is **480,212 thousand lei**, equivalent to **105,835 thousand euro**. The value of the export is 82 million euro, or 78% of the turnover. The company has a positive external balance of 67.7 million euro, the value of imports and intra-community acquisitions being of 14.3 million euro.

In terms of the type of products sold, sales have the following structure:

	thousand lei			
Turnover breakdown	30.06.2017	%	30.06.2016	%
Petrochemicals (Polyether polyols)	288,607	60.1	254,083	67.2
Chlor-alkali	101,374	21.1	80,142	21.2
Oxo-alcohols	72,014	15.0	29,270	7.7
Commodities	10,153	2.1	10,553	2.8
Petrochemical Division Pitesti	157	0.0	8	0.0
Building Materials	6	0.0	4	0.0
Sundries	7,901	1.6	4,078	1.1
<b>TOTAL</b>	<b>480,212</b>	<b>100.0</b>	<b>378,138</b>	<b>100.0</b>

## TOTAL INCOME

Total income achieved on 30.06.2017 has the following structure:

Details	thousand lei	
	30.06.2017	30.06.2016
Income from sales (turnover)	480,212	378,138
Income from investment	4,388	4,342
Income from Stored Production (Out of Stock)	(12,437)	(8,170)
Net income from depreciation of current assets	1,449	60
Profit/ (Loss) from sale/disposal of fixed assets	(2,419)	0
Other income	442	1,330

## TOTAL EXPENSES

Expenses incurred on 30.06.2017 have the following structure:

Details	thousand lei	
	30.06.2017	30.06.2016
Expenses with raw materials and consumables	222,726	165,214
Expenses with energy and water	102,750	85,569
Salary expenses (including taxes)	55,069	49,124
Expenses with amortization	46,373	48,831
Profit / (Loss) from impairment adjustments of fixed assets	(23,260)	(22,877)
Other third parties services	6,221	8,911
Transport and logistics expenses	9,204	7,008
Repairs expenses	2,720	3,278
Expenses with other taxes and duties	2,528	2,899
Net loss of receivables	0	492
Expenses on bank interests and commissions	83	90
Penalties Olt River Basin Administration - exceeded pollutant concentrations in wastewater	6,450	-
Expenses on fines and penalties	2,303	1,935
Other expenses	1,814	831

*c) Cash flow comparison:*

	thousand lei	
	30.06.2017	30.06.2016
<b>Cash flows from operating activities</b>		
<b>Net Profit / (Loss) of the year</b>	<b>27,680</b>	<b>18,599</b>
Expenses with amortization of fixed assets	46,373	48,831
(Profit) / Loss on the sale of fixed assets	2,419	-
Expenses / (Income) on adjustments for impairment of current assets	(1,449)	432
Amortization of subsidies	(417)	(421)
Interest expenses, net	(13)	(3)
Impairment / (reversal of impairment) of tangible assets	(23,260)	(22,877)
Impairment / (reversal of impairment) financial assets	108	-
Expenses with current income tax	8,948	5,796
<b>Operational Profit / (Loss) before changes in working capital</b>	<b>60,389</b>	<b>50,356</b>

	30.06.2017	30.06.2016
(Increase) / Decrease in inventories	4,463	12,993
(Increase) / Decrease in receivables	(158,794)	(97,289)
Increase / (Decrease) in liabilities	125,547	68,392
<b>Changes in working capital</b>	<b>(28,784)</b>	<b>(15,904)</b>
<b>Cash flow from operating activities</b>	<b>31,605</b>	<b>34,452</b>
Paid interest	-	-
<b>Cash flow from operating activities</b>	<b>31,605</b>	<b>34,452</b>
<b>Cash flow used in investment activities:</b>		
Interest earned	13	3
Acquisition of tangible and intangible assets	(3,948)	(3,893)
Dividends received	2,016	-
<b>Cash flow used in investment activities</b>	<b>(1,918)</b>	<b>(3,890)</b>
<b>Cash flow generated from financing activities:</b>		
Variation of short term loans	-	-
Variation of long term loans	-	-
Leasing payments	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase/ (Decrease) of cash and cash equivalent</b>	<b>29,687</b>	<b>30,563</b>
<b>Cash at the beginning of the year</b>	<b>27,579</b>	<b>13,328</b>
<b>Increase/ (Decrease) of cash and cash equivalent</b>	<b>29,687</b>	<b>30,563</b>
<b>Cash at end of period</b>	<b>57,266</b>	<b>43,891</b>

In the first half of 2017, the company recorded a positive cash flow in the amount of 29,687 thousand lei.

From the activity-based analysis of the cash flows, the operating activity (production) generated a positive cash flow in the first half of 2017 (31,605 thousand lei).

Expenditures on investments diminished the cash surplus from the operation as a result of the fact that the company can not conclude financing from banking institutions, being in insolvency proceedings.

After the insolvency, funding sources used by the company were: supplier credit and advances from some customers. Also, it has managed to quickly capitalize production achieved and thus self-financing.

Cash flows are continuously monitored by financial and commercial departments, and receipts and payment forecasts are updated on a daily basis to better manage liquidity and to secure the collection of all receivables arising after the declaration of insolvency. Also, the analysis of payments prioritization is carried out in such a way that the current debts are paid at the due date and the performance of the company is not jeopardized.

## 2. Analysis of the company's activity

*2.1. Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year.*

The analysis of the continuing improvement in financial results shows that there are no uncertainties that could affect the company's activity in the short term.

*2.2. Presentation and analysis of the effects on the financial status of the company of all capital expenditures, current or anticipated (stating the purpose and funding sources of these expenditures), compared to the same period last year.*

The total value of investments made in the first half of 2017 is 3.9 million lei. The sources of financing used for the investments were only from own sources.

The following objectives were considered:

- ✓ The investment of 1.3 million lei for the replacement of an electrolyzer led to the increase in the production of caustic soda and chlorine in the Membrane Electrolysis plant and implicitly to the increase of the production of polyether polyols that use chlorine as raw material. At the same time, the investment has led to the improvement of the quality of the finished products obtained as well as to the reduction of the electricity consumption;
- ✓ The investment of 0.2 million lei for the construction of a loading platform for triols and rigid polyols has been done to increase the operational safety at the loading of the road tanks of polyols;
- ✓ The investment of 1.8 million lei for the modernization of settling tanks D 7-104/1,2, execution and commissioning of the automatic dosing system for flocculants that led to the reduction of suspensions content in the residual waters coming from saponification in Propenoxyde plant, resulting in:
  - improvement of the technical process of biological wastewater treatment;
  - advanced heat recovery of these waters;
  - reduction of suspensions content in the water discharged in the Olt river basin.
- ✓ Other investment amounting to 0.6 million lei mainly materialized in the purchase of independent equipment required for the manufacturing process.

*2.3. Presentation and analysis events, transactions, and economic changes that significantly affect earnings from core business. The extent to which the revenue of each identified item has been affected. Comparison with the corresponding period last year.*

In the first half of 2017, the company reached the highest use rate of production capacities since the insolvency procedure (January 2013), respectively 32%.

This was driven by the completion of the replacement of all 7 (seven) electrolyzers at the Membrane Electrolysis Plant and the replacement of the hydrogenation catalyst in the Oxo-Alcohol Plant (in March 2016), thus increasing both the quantity of finished products and their quality.

### 3. Changes affecting the capital and the management of the company

3.1. Description of cases when the company was unable to meet its financial obligations during that period.

Improvement of the financial results led to the full payment and on maturity of all current debts for this period, the company even managed to reduce outstanding debt accumulated in the first part of the insolvency to its main suppliers (CET Govora and Water Basin Administration Olt) and to redundant staff.

After the approval of the reorganization plan in April 2015, the Company did not record any outstanding debts and furthermore managed to reduce every month the arrears of 2013-2014.

3.2. Description of any change in the rights of the holders of securities issued by the company.

There have been no changes in the rights of the holders of securities.

Oltchim S.A. owns a share capital of 34,321,138.30 lei, divided into 343,211,383 shares, with a nominal value of 0.10 lei / share.

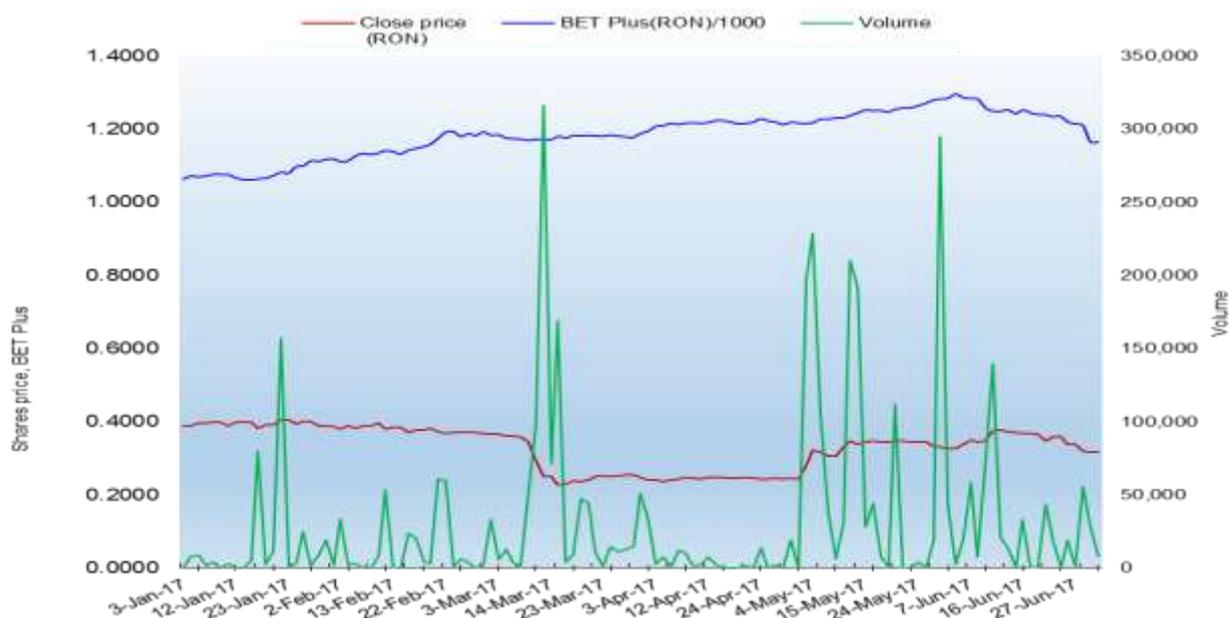
The shareholding structure is as follows:

Shareholder	No. of shares	%
The Romanian State through the Ministry of Economy	188,100,976	54.8062
PCC SE	111,005,766	32.3433
Natural persons	38,907,661	11.3364
Legal persons	5,196,980	1.5142
<b>TOTAL</b>	<b>343,211,383</b>	<b>100</b>

Transactions with company's shares during 03.01.2017-30.06.2017 are as follows:

Number of shares traded	3,823,849
Value of transactions -lei	1,214,743
Number of transactions	3,801
Maximum intraday price (17 and 20 January)	0.4260
Minimum intraday price (15 March)	0.2160
Closing price on 30.06.2017	0.3180
Stock market capitalization (thousand lei) 30.06.2017	109,141
Stock market capitalization (thousand euro) 30.06.2017	23,985

The graphical evolution of the closing price, of the number of traded shares compared to the evolution of the stock index (BET Plus) is the following:



### *The management of the company:*

Until the opening of insolvency proceedings, i.e. 30.01.2013 the company was managed by a Board of Directors consisting of 5 members, elected by the Ordinary General Meeting of Shareholders, their term of office being four years. The mandate of the statutory trustees ceased on the date of appointment of the special administrator who is empowered by the General Meeting of Shareholders to perform management acts of Oltchim SA under the supervision of the judicial administrator.

On March 14, 2013, the Extraordinary General Meeting of Shareholders appointed Mr. **Stănescu Nicolae - Bogdan-Codruț** as **special administrator** of Oltchim SA in the insolvency proceedings.

According to Sentence no. 617 of January 30, 2013 issued by Vâlcea Courthouse - Second civil division in case no. 887/90/2013 was appointed **judicial administrator** the consortium made up of **ROMINSOLV SPRL** Bucharest and **BDO BUSINESS RESTRUCTURING SPRL** Bucharest.

Currently direct operational management of Oltchim S.A. belongs to the special administrator acting as a general manager and to the deputy general manager.

The executive management is as follows:

Avram Dănuț Victor	Deputy General Manager
Tălpășanu Mihail*	Production Manager
Spiru-Ciobescu Armand	Commercial Manager
Smeu Alin Ion	Economic Manager
Munteanu Dana Maria	Human Resources Manager
Pîrvu Marius	Manager of the Petrochemical Division Bradu

\* Starting with 23.06.2017, Mr. Mihail Tălpășanu was revoked from the position of Production Manager and Mr. **Nicu Laurențiu Andrei** was nominated to take over this position for the remaining period until the end of 2017

Information on professional experience, education and training of people who provide the management and corporate governance of the company is posted on the company's web site, Investor Relations / Corporate Governance.

#### 4. Significant transactions

In the first half of 2017 Oltchim S.A. has carried out transactions with the affiliated companies in which it has holdings, thus:

##### Income from sales

	thousand lei	
	6 months 2017	6 months 2016
Sistemplast SA Rm. Vâlcea	20	20
Oltquino SA Rm. Vâlcea	-	-
Protectchim SRL Rm.Valcea	62	219
<b>Total</b>	<b>82</b>	<b>239</b>

##### Procurement of goods and services

	thousand lei	
	6 months 2017	6 months 2016
Sistemplast SA Rm. Vâlcea	3,735	2,982
Oltquino SA Rm. Vâlcea	-	-
Protectchim SRL Rm.Vâlcea	-	4
<b>Total</b>	<b>3,735</b>	<b>2,986</b>

The Financial Statements on 30.06.2017 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union, according to the Order of the Minister of Public Finance no. 2844/2016 as amended.

We also note that the financial statements on 30.06.2017 were prepared on the basis of the Order of the Minister of Public Finance no. 895/2017 for the approval of the Accounting Reporting System on 30.06.2017 of economic operators.

The financial statements completed on 30.06.2017 have not been audited.

**Bogdan Stănescu,**  
Special Administrator

**Victor Avram,**  
Deputy General Manager

**Alin Smeu,**  
Economic Manager

**OLTCHIM SA in judicial reorganization**

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

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

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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30.06.2017

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF 30.06.2017

UNCONSOLIDATED STATEMENT OF CASH FLOW AS OF 30.06.2017

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 30.06.2017

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30.06.2017

**OLTCHIM SA, company in judicial reorganisation**  
**Unconsolidated statement of financial position as of June 30, 2017**

(All amounts are expressed in Lei, unless otherwise stated.)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible fixed assets	848,839,099	872,235,002
Investment property	6,906,060	6,695,370
Intangible fixed assets	1,322,149	1,472,029
Financial assets	45,916	154,419
<b>Total fixed assets</b>	<u>857,113,224</u>	<u>880,826,820</u>
<b>Current assets</b>		
Inventories	48,681,445	52,378,546
Trade receivables	42,533,951	39,048,349
Taxes receivables	36,226,597	6,364,883
Other assets	6,871,352	951,839
Cash and cash equivalents	57,265,871	27,579,221
<b>Total current assets</b>	<u>191,579,216</u>	<u>126,322,838</u>
<b>TOTAL ASSETS</b>	<u>1,048,692,440</u>	<u>1,007,149,658</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,018,299,809	1,018,299,809
Reserves	389,828,394	394,528,299
Retained earnings	(1,753,466,554)	(1,786,500,248)
<b>Total equity</b>	<u>(345,338,351)</u>	<u>(373,672,140)</u>
<b>Long term liabilities</b>		
Borrowings	615,689,723	615,689,723
Incomes in advance	3,852,625	4,269,701
Deferred tax liabilities	60,751,255	60,751,255
Provisions	36,343,062	36,343,062
Other long term liabilities	21,316,447	21,316,447
Trade payables	367,097,853	367,097,853
Taxes and duties	32,718,682	32,718,682
<b>Total long term liabilities</b>	<u>1,137,769,647</u>	<u>1,138,186,723</u>
	<u>June 30, 2017</u>	<u>December 31, 2016</u>
<b>Current liabilities</b>		
Trade payables	113,502,241	119,499,946
Fees and taxes liabilities	88,551,430	59,253,855
Other liabilities	54,207,473	63,881,274
<b>Total current liabilities</b>	<u>256,261,144</u>	<u>242,635,075</u>
<b>Total liabilities</b>	<u>1,394,030,791</u>	<u>1,380,821,798</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,048,692,440</u>	<u>1,007,149,658</u>

**Stanescu Bogdan**  
Special Administrator

**Avram Victor**  
Deputy General Manager

**Smeu Alin**  
Economic Manager

**OLTCHIM SA, company in judicial reorganisation**  
**Unconsolidated statement of comprehensive income as of June 30, 2017**

(All amounts are expressed in Lei, unless otherwise stated.)

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Net sales	480,212,113	378,137,762
Income from investments	4,387,905	4,342,003
Other gains (or losses)	(944,633)	968,559
Changes in inventories	(12,437,335)	(8,169,531)
Expenses with raw materials and consumables	(222,726,306)	(165,214,409)
Expenses with energy and water	(102,749,551)	(85,568,869)
Expenses with assets' amortization and impairment	(23,113,287)	(25,954,005)
Salary expenses	(55,068,718)	(49,123,468)
Net cost of financing	(83,278)	(90,179)
Incomes from subsidies	417,076	420,845
Other expenses	(31,239,882)	(25,353,934)
<b>Profit / (Loss) before taxation</b>	<b>36,654,104</b>	<b>24,394,774</b>
Income tax	(8,948,334)	(5,796,251)
Tax on specific activities	(25,358)	-
<b>Net Profit / (Loss)</b>	<b>27,680,412</b>	<b>18,598,523</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>27,680,412</b>	<b>18,598,523</b>
<b>Profit / (Loss) per share</b>	<b>0.0807</b>	<b>0.0542</b>
Number of shares	343,211,383	343,211,383

**Stanescu Bogdan**  
Special Administrator

**Avram Victor**  
Deputy General Manager

**Smeu Alin**  
Economic Manager

**OLTCHIM SA, company in judicial reorganisation**  
**Unconsolidated statement of cash flows as of June 30, 2017**

(All amounts are expressed in Lei, unless otherwise stated.)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Cash flows from operating activities:</b>		
<b>Profit / (Loss) of the period</b>	<b>27,680,412</b>	<b>18,598,523</b>
<i>Adjustments for non-monetary assets:</i>		
Amortization of fixed assets	46,373,066	48,831,270
Expenses/ (Income) on sale of fixed assets	2,418,599	-
Expenses/ Income on impairment adjustments of current assets	(1,449,398)	431,876
Subsidies amortization	(417,076)	(420,845)
Interest expenses/ (Income)	(13,455)	(3,391)
Impairment / (reversal of impairment) of tangible fixed assets	(23,259,779)	(22,877,265)
Impairment / (reversal of impairment) of financial fixed assets	108,503	-
Income tax	8,948,334	5,796,251
<b>Operating profit (loss) before changes in working capital</b>	<b>60,389,206</b>	<b>50,356,419</b>
Inventory increase/ (decrease)	4,462,852	12,992,796
Receivables increase/ (decrease)	(158,793,826)	(97,289,227)
Debts increase/ (decrease)	125,546,894	68,392,376
<b>Changes in working capital</b>	<b>(28,784,080)</b>	<b>(15,904,055)</b>
<b>Cash flow from operating activities</b>	<b>31,605,126</b>	<b>34,452,364</b>
Interest paid	-	-
<b>Cash flow from operation</b>	<b>31,605,126</b>	<b>34,452,364</b>
<b>Cash flow used for investments:</b>		
Interest received	13,455	3,391
Purchase of tangible and intangible fixed assets	(3,948,148)	(3,893,011)
Cash from sale of fixed assets	2,016,217	-
<b>Cash flow from investments</b>	<b>(1,918,476)</b>	<b>(3,889,620)</b>
<b>Cash flow generated from financing:</b>		
Change in short-term loans	-	-
Change in long-term loans	-	-
Lease payments	-	-
<b>Cash flow from financing</b>	<b>-</b>	<b>-</b>
<b>Increase/ (Decrease) in cash and cash equivalents</b>	<b>29,686,650</b>	<b>30,562,744</b>
<b>Movement in cash flow:</b>		
<b>Cash at beginning of year</b>	<b>27,579,221</b>	<b>13,328,457</b>
<b>Increase/ (Decrease) in cash and cash equivalents</b>	<b>29,686,650</b>	<b>30,562,744</b>
<b>Cash at end of period</b>	<b>57,265,871</b>	<b>43,891,201</b>

**Stanescu Bogdan**  
Special Administrator

**Avram Victor**  
Deputy General Manager

**Smeu Alin**  
Economic Manager

**OLTCHIM S.A. in reorganizare judiciara, in judicial reorganisation, en redressement**

(All amounts expressed in LEI, unless otherwise stated)

	<b>Share capital</b>	<b>Revaluation reserves</b>	<b>Legal reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at January 1, 2016</b>	<b>1,018,299,809</b>	<b>213,761,815</b>	<b>6,842,711</b>	<b>7,990,245</b>	<b>(1,785,562,719)</b>	<b>(538,668,139)</b>
Result of the period	-	-	-	-	18,598,523	18,598,523
Other elements of the result	-	-	-	-	503,650	503,650
<b>Balance at June 30, 2017</b>	<b>1,018,299,809</b>	<b>213,761,815</b>	<b>6,842,711</b>	<b>7,990,245</b>	<b>(1,766,460,546)</b>	<b>(519,565,966)</b>
<b>Balance at January 1, 2017</b>	<b>1,018,299,809</b>	<b>379,695,343</b>	<b>6,842,711</b>	<b>7,990,245</b>	<b>(1,786,500,248)</b>	<b>(373,672,140)</b>
Result of the period	-	-	-	-	27,680,412	27,680,412
Reserves from re-valuation from sale of fixed assets	-	(4,699,905)	-	-	4,699,905	-
Other elements of the result	-	-	-	-	653,377	<b>653,377</b>
<b>Balance at June 30, 2017</b>	<b>1,018,299,809</b>	<b>374,995,438</b>	<b>6,842,711</b>	<b>7,990,245</b>	<b>(1,753,466,554)</b>	<b>(345,338,351)</b>

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**Stanescu Bogdan**  
Special Administrator

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**Avram Victor**  
Deputy General Manager

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**Smeu Alin**  
Economic Manager

**EXPLANATORY NOTES**  
**to the unconsolidated financial statements as of June 30, 2017**

**NOTE 1. GENERAL INFORMATION AND MAIN ACTIVITIES**

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 G.D. no.1213 / 20.11.1990.

Company headquarters is in Romania, in the county of Valcea, Ramnicu Valcea, Uzinei Street no 1.

Main business of the company is the production of organic chemicals.

As of January 30, 2013 insolvency proceedings for Oltchim SA were initiated.

By sentence no. 892/ 04.22.2015 issued in insolvency file no. 887/90/2013 before the Court Valcea, the reorganization plan of the debtor Oltchim SA proposed by the Consortium of Judicial Administrators, ROMINSOLV SPRL and BDO BUSINESS RESTRUCTURING SPRL, was confirmed.

The sentence is final and irrevocable rejecting as unfounded the appeals brought by Electrica Furnizare SA and by ANAF, this judgment being delivered by the Court of Appeal Pitesti on 24/09/2015. Oltchim SA is in judicial reorganization.

The Creditors Meeting decided on August 22, 2016 to extend the reorganization period, for one year, respectively until April 2019.

The company sold chemicals in the first half of 2017 both on the local market, about 22% of turnover and on world markets, about 78% of turnover.

Integrated environmental quality management system (ISO 9001 and ISO 14001) of Oltchim was recertified in 2014 by TUV Management Service body, the certification is valid until 2017.

**Ownership structure**

The Romanian State represented by the Ministry of Economy is the main shareholder. Nominal capital subscribed and paid both on June 30, 2017 and on December 31, 2016 is 34,321,383 lei divided into 343,211,383 shares, each with a nominal value of 0.10 lei. Each share entitles its holder to one vote.

Shareholder structure is as follows:

<b>Shareholders</b>	<b>June 30, 2017</b>		<b>December 30, 2016</b>	
	<b>Number of shares</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
Romanian State, through 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
Individuals	38,907,661	11.3364	38,892,961	11.3321
Corporate	5,196,980	1.5142	5,211,680	1.5185
<b>TOTAL</b>	<b>343,211,383</b>	<b>100</b>	<b>343,211,383</b>	<b>100</b>

## **Activities of the Company**

The object of activity includes mainly: production of petrochemicals, chlorosodic products, oxo-alcohols, other chemicals, including technical assistance and services and their trading on domestic and foreign market, in accordance with the Article of incorporation of the Company.

## **MANAGEMENT STRUCTURE**

According to Sentence no. 617 of January 30, 2013 given by the Court Valcea - Civil Division II in case no. 887/90/2013 was appointed as insolvency administrator the Consortium consisting in ROMINSOLV SPRL Bucharest based in Bucharest, Splaiul Unirii nr.223, 3rd floor, district 3, total enrollment in 0122/2006 RFO Registry Forms of Organization, represented by Managing Partner Gheorghe Piperea and BDO BUSINESS RESTRUCTURING SPRL Bucharest based in Bucharest, Winners Str. no. 24, Victory Business Center building, 3rd floor, district 3, total enrollment in 0239/2006 RFO Registry Forms of Organization, represented by Managing Partner Niculae Balan.

On March 14, 2013 the Extraordinary General Meeting of Shareholders has appointed Mr Stanescu Nicolae - Bogdan- Codrut as special administrator of Oltchim SA in insolvency.

On June 30, 2017 the executive management was composed as follows:

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Consortium consisting in:

ROMINSOLV S.P.R.L., represented by

Managing Partner Gheorghe Piperea and

BDO BUSINESS RESTRUCTURING S.P.R.L.,

represented by Managing Partner Niculae Balan

Judiciary Administrators

Stanescu Nicolae Bogdan Codrut

Special Administrator

Avram Danut Victor

Deputy General Manager

Talpasanu Mihail\*

Production Manager

Spiru-Ciobescu Armand

Commercial Manager

Smeu Alin Ion

Economic Director

Munteanu Dana Maria

Human Resources Manager

Pirvu Marius

Petrochemical Division Manager

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\*Starting with 23.06.2017, Mr Mihail Talpasanu was revoked from the position of Production Manager, and Mr Nicu Laurentiu Andrei was appointed to this position until the end of 2017.

**NOTE 2. FIXED ASSETS**

Tangible fixed assets are presented in the statement of financial position at cost or revalued amount, less amortizations and adjustments for depreciation or impairment in accordance with IAS 16 "Property, Plant and Equipment" and IAS 36 "Impairment of Assets".

The Company's assets were revalued in 2016, and the financial statements for the period ended June 30, 2017 show the assets at their revalued amounts.

**Fixed assets**

Fixed asset item	No.	Initial balance 31.12.2016	Increases	Decreases		Final balance 30.06.2017
				Total	Of which: stripping and discard	
A	B	1	2	3	4	5=1+2-3
<b>I.Intangible fixed assets</b>						
Development costs	01	7,827	0	0	X	7,827
Other intangible fixed assets	02	1,566,739	3,044	0		1,569,783
Intangible fixed assets – exploration for and evaluation of mineral resources	03	0	0	0	X	0
Advance payments for intangible fixed assets	04	0	0	0	X	0
<b>TOTAL (01 to 04)</b>	<b>05</b>	<b>1,574,566</b>	<b>3,044</b>	<b>0</b>	<b>X</b>	<b>1,577,610</b>
<b>II.Tangible fixed assets</b>						
Land	06	117,980,873	0	2,678,491	X	115,302,382
Construction	07	282,851,244	0	1,724,585	0	281,126,659
Plant and machinery	08	527,804,614	8,960,345	57,630	0	536,707,329
Other fixtures, tools and furniture	09	2,871,678	45,243	0	0	2,916,921
Real estate investments	10	6,967,281	0	0	0	6,967,281
Tangible fixed assets – exploration for and evaluation of mineral resources	11	0	0	0	0	0
Productive plants	12	0	0	0	0	0
Tangible fixed assets in progress	13	83,044,764	4,972,563	9,005,588	0	79,011,739
Real estate investments in progress	14	0	0	0	0	0
Advance payments for tangible fixed assets	15	1,032,597	-807,671	224,926	0	0
<b>TOTAL ( 06 to 15)</b>	<b>16</b>	<b>1,022,553,051</b>	<b>13,170,480</b>	<b>13,691,220</b>	<b>0</b>	<b>1,022,032,311</b>
<b>III.Productive biological assets</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>X</b>	<b>0</b>
<b>IV.Financial fixed assets</b>	<b>18</b>	<b>154,419</b>	<b>0</b>	<b>0</b>	<b>X</b>	<b>154,419</b>
<b>FIXED ASSETS – TOTAL ( 05+16+17+18)</b>	<b>19</b>	<b>1,024,282,036</b>	<b>13,173,524</b>	<b>13,691,220</b>	<b>0</b>	<b>1,023,764,340</b>

**Amortization of fixed assets**

Fixed asset item	No.	Initial balance 31.12.2016	Amortization 6 months 2017	Amortization derecognized assets	Amortization 30.06.2017
A	B	6	7	8	9=6+7-8
<b>I.Intangible fixed assets</b>					
Development costs	20	0	1,305	0	1,305
Other intangible fixed assets	21	495	151,619	0	152,114
Intangible fixed assets – exploration for and evaluation of mineral resources	22	0	0	0	0
<b>TOTAL (20+21+22)</b>	<b>23</b>	<b>495</b>	<b>152,924</b>	<b>0</b>	<b>153,419</b>
<b>II.Tangible fixed assets</b>					
Land	24	0	0	0	0
Construction	25	0	7,543,116	23,304	7,519,812
Plant and machinery	26	0	38,416,485	2,586	38,413,899
Other fixtures, tools and furniture	27	0	201,232	0	201,232
Real estate investments	28	0	59,310	0	59,310
Tangible fixed assets – exploration for and evaluation of mineral resources	29	0	0	0	0
Productive plants	30	0	0	0	0
<b>TOTAL (24 to 30)</b>	<b>31</b>	<b>0</b>	<b>46,220,143</b>	<b>25,890</b>	<b>46,194,253</b>
<b>III.Biological assets</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>AMORTIZATION – TOTAL (rd. 22+29+30)</b>	<b>33</b>	<b>495</b>	<b>46,373,067</b>	<b>25,890</b>	<b>46,347,672</b>

**Adjustments for impairment**

Fixed asset item	No.	Initial balance 31.12.2016	Adjustments made 6 months 2017	Write-back of adjustments	Final balance 30.06.2017
A	B	10	11	12	13=10+11-12
<b>I.Intangible fixed assets</b>					
Development costs	34	0	0	0	0
Other intangible fixed assets	35	102,042	0	0	102,042
Intangible fixed assets – exploration for and evaluation of mineral resources	36	0	0	0	0
<b>TOTAL (32 to 34)</b>	<b>37</b>	<b>102,042</b>	<b>0</b>	<b>0</b>	<b>102,042</b>
<b>II.Tangible fixed assets</b>					
Land	38	9,657,933	0	0	9,657,933
Construction	39	22,729,030	0	1,573,942	21,155,088
Plant and machinery	40	67,224,287	0	21,671,418	45,552,869
Other fixtures, tools and furniture	41	54,113	0	14,419	39,694
Real estate investments	42	1,911	0	0	1,911
Tangible fixed assets – exploration for and evaluation of mineral resources	43	0	0	0	0
Productive 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
<b>TOTAL (38 to 46)</b>	<b>44</b>	<b>143,352,678</b>	<b>0</b>	<b>23,259,779</b>	<b>120,092,899</b>
<b>III.Productive biological assets</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV.Financial fixed assets</b>	<b>46</b>	<b>0</b>	<b>108,503</b>	<b>0</b>	<b>108,503</b>
<b>ADJUSTMENTS FOR IMPAIRMENT – TOTAL (37+47+48+49)</b>	<b>47</b>	<b>143,454,720</b>	<b>108,503</b>	<b>23,259,779</b>	<b>120,303,444</b>

**NOTE 3. INVENTORIES**

In the Statement of financial position as of June 30, 2017, the inventories are presented at net realizable value by deducting the adjustments for depreciation, resulting the following values:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Finished products	8,611,684	21,860,629
Raw materials	15,021,251	9,834,115
Materials	9,482,306	9,177,493
Packaging	640,166	258,115
Production in progress	324,122	188,609
Semi-finished products	3,921,758	3,305,198
Merchandise	65,431	69,481
Inventory items	456,325	215,601
Advances paid for inventories	10,158,402	7,469,303
<b>Total</b>	<b><u>48,681,445</u></b>	<b><u>52,378,546</u></b>

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Impairment of finished products	35,312	157,418
Impairment of raw materials	3,749,033	4,351,394
Impairment of materials	43,146,838	43,210,605
Impairment of semi-finished products	2,855,114	2,851,019
Impairment of packaging	41,103	37,094
Impairment of inventory items	330,424	316,045
<b>Total</b>	<b><u>50,157,824</u></b>	<b><u>50,923,575</u></b>

**NOTE 4. TRADE RECEIVABLES AND PAYABLES**

<b>Trade receivables</b>	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Domestic customers	55,067,656	55,280,517
Foreign customers	46,582,501	43,567,684
Adjustments for impairment - domestic customers	(33,550,326)	(33,936,753)
Adjustments for impairment - foreign customers	(25,565,880)	(25,863,099)
Advances paid for services rendered	6,632,592	611,366
Receivable VAT	35,315,398	5,598,851
Other receivables	1,149,959	1,106,505
<b>Total</b>	<b><u>85,631,900</u></b>	<b><u>46,365,071</u></b>

The increase in receivable VAT was due to the fact that starting with 2017 Oltechim returned to the General Directorate for Administrating Large Taxpayers, and VAT refunds is made with anticipated control.

**OLTCHIM S.A. in reorganizare judiciara, in judicial reorganisation, en redressement**

(All amounts expressed in LEI, unless otherwise stated)

<b>Liabilities</b>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Domestic suppliers	424,267,488	432,919,460
External suppliers	41,675,293	39,934,566
Debts to AAAS	241,306,731	241,306,731
Loans	374,382,992	374,382,992
Loan interest	22,718,305	22,673,667
Advances received from customers	14,657,313	13,743,774
Debts on wages	18,764,455	26,583,812
Taxes due	121,270,112	91,972,537
Deferred tax	60,751,255	60,751,255
Provisions for employees' benefits	10,350,115	10,350,115
Provisions for environmental investments	25,992,947	25,992,947
Settlement of joint operations	-	1,468,163
Other liabilities	37,893,785	38,741,779
<b>TOTAL</b>	<b>1,394,030,791</b>	<b>1,380,821,798</b>

On June 30, 2017 Oltchim SA recorded total liabilities in amount of 1,394 million lei, of which:

- 1,049 million lei liabilities registered under the Reorganization Plan;
- 204 million lei net liabilities accumulated after entering in the insolvency, of which 114 million lei are overdue coming from the first period of insolvency;
- 61 million lei mutual liabilities and receivables and debts to the state budget that will compensate for VAT to be recovered;
- 26 million lei provision for investments from Integrated Environmental Authorization, having term of completion in 2021 and 2022;
- 54 million lei other liabilities, mainly deferred tax, debt that is not chargeable.

Total accumulated debt in insolvency also comprises income tax for 2015 in the amount of 35 million RON calculated for income from debt cancellation. Under the reorganization plan, it is paid within 5 days of receiving the sale price of Oltchim assets bundles.

By modifying the initial reorganization plan has changed the method of sale of Oltchim patrimony so that wherever in the content of the reorganization plan referred to Oltchim SPV sale, will mean selling packages of assets and should be interpreted as such.

In the first semester of 2017 the company continued to pay in full at maturity all current debts. In addition, it reduced arrears accumulated in the first part of insolvency until confirmation of the Reorganization Plan and recorded a decrease of outstanding liabilities of 19.6 million lei, of which:

- to suppliers by 3.8 million lei;
- to redundant staff by 8 million lei;
- to State Budget by 5.9 million lei;
- to other creditors by 1.9 million lei.

Oltchim SA paid taxes and duties related to salaries by offsetting negative VAT (recoverable VAT recorded by the company on 30.06.2017: 35,315,398 lei).

## NOTE 5. TURNOVER REPORTING ON OPERATIONAL SEGMENTS

The Company includes the following operating segments:

- Inorganic products – chlorosodics: 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.

### *Presentation of turnover by types of markets:*

	<b>6 months 2017</b>	<b>(%)</b>	<b>6 months 2016</b>	<b>(%)</b>
Domestic market	107,962,441	22	93,487,482	25
Export	372,249,672	78	284,650,280	75
	<b>480,212,113</b>	<b>100</b>	<b>378,137,762</b>	<b>100</b>

### *Presentation of turnover by types of products:*

	<b>6 months 2017</b>	<b>(%)</b>	<b>6 months 2016</b>	<b>(%)</b>
Petro chemistry	288,607,299	60.1	254,082,632	67.2
Chlorosodics	101,373,925	21.1	80,142,132	21.2
Oxo-alcohols	72,013,893	15.0	29,269,664	7.7
Merchandise	10,153,001	2.1	10,553,404	2.8
Petrochemical Division Pitesti	157,590	0.0	8,092	0.0
Building materials	5,514	0.0	4,235	0.0
Sundries	7,900,891	1.6	4,077,603	1.1
<b>Total</b>	<b>480,212,113</b>	<b>100</b>	<b>378,137,762</b>	<b>100</b>

Regaining foreign market was made gradually, effective in increasing the turnover, proving that the company is able to deliver products consistently to partners, on terms and conditions required by them.

Turnover from sales of finished products increased in the first half of 2017 compared to the same period in previous year by 98.5 million lei, respectively by 27%, determined both by increasing the quantities of finished products sold (37% of the increase) and by increasing selling prices (63% of the increase).

## NOTE 6. NET SALES

	<b>6 months 2017</b>	<b>6 months 2016</b>
Income from the sale of finished products	456,965,482	360,113,313
Income from sale of merchandise	10,153,001	10,553,403
Other incomes	13,093,630	7,471,046
<b>Total</b>	<b>480,212,113</b>	<b>378,137,762</b>

**NOTE 7. OTHER GAINS OR LOSSES**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Income from rent	809,731	892,387
Income from rendering services	381,902	534,934
Income from penalties	20,330	13,310
Gain / (loss) from exchange rate differences	(740,817)	(251,970)
Gain / (loss) from impairment adjustments of current assets	1,449,398	59,816
Gain / (loss) from impairment adjustments of financial assets	(108,503)	-
Gain / (loss) from discounts	(363,380)	(323,162)
Gain / (loss) from sale / disposal of fixed assets	(2,418,599)	-
Other gains	25,305	43,244
<b>Total</b>	<b><u>(944,633)</u></b>	<b><u>968,559</u></b>

**NOTE 8. EXPENSES WITH RAW MATERIALS AND CONSUMABLES**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Raw materials consumed	204,838,182	143,200,146
Cost of goods sold	8,856,892	9,423,290
Energy and water expenses	102,749,551	85,568,869
Expenses on consumables	9,031,232	12,590,973
<b>Total</b>	<b><u>325,475,857</u></b>	<b><u>250,783,278</u></b>

**NOTE 9. EXPENSES WITH IMPAIRMENT AND AMORTIZATION OF FIXED ASSETS**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Amortization of tangible assets	46,220,143	48,435,389
Amortization of intangible assets	152,923	395,881
Gain / (loss) from impairment adjustments of fixed assets	(23,259,779)	(22,877,265)
<b>Total related to functional assets</b>	<b><u>23,113,287</u></b>	<b><u>25,954,005</u></b>

The gain on impairment of fixed assets is determined by the reversal of the provision set up in previous years for the non-functional assets for which amortization expense was recorded, thus and so the expense net of depreciation and amortization is strictly related to the functional assets which generated revenues.

**NOTE 10. NET COST OF FINANCING**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Expenses with bank interest	-	-
Banking fees and similar costs	83,278	90,179
<b>Total</b>	<b><u>83,278</u></b>	<b><u>90,179</u></b>

**NOTE 11. OTHER EXPENSES**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Expenses on transport and logistics	9,203,783	7,008,265
Other expenses on services provided by third parties	6,221,312	8,910,857
Protocol expenses	34,847	29,337
Expenses for repairs	2,719,958	3,277,549
Expenses for taxes and duties	2,527,774	2,899,362
Expenses from receivables	-	491,692
Expenses on insurance	294,620	349,344
Post and telecommunications expenses	85,855	87,277
Travel expenses	71,486	89,424
Expenses on rents	47,021	60,022
Fines and penalties	2,303,317	1,934,969
Penalties Olt River Basin Administration - exceeded pollutant concentrations in wastewater	6,450,062	-
Other expenses	1,279,847	215,836
<b>Total</b>	<b><u>31,239,882</u></b>	<b><u>25,353,934</u></b>

**NOTA 12. SALARY EXPENSES**

Personnel expenses for the first half 2017 and first half of 2016:

	<u>6 months 2017</u>	<u>6 months 2016</u>
Gross salaries and allowances	40,168,341	36,440,534
Employer social security charges	11,714,782	10,638,859
Meal tickets	3,185,595	2,044,075
<b>Total</b>	<b><u>55,068,718</u></b>	<b><u>49,123,468</u></b>

Average number of employees per first semester of 2017 was 1,944 compared to 1,940 in the first semester of 2016.

For all employees are paid social insurance.

Company employees are enrolled in the state pension scheme.

**NOTA 13. TOTAL RESULT**

	<u>6 months 2017</u>	<u>6 months 2016</u>
Gross result	36,654,104	24,394,774
Income tax	(8,948,334)	(5,796,251)
Specific tax for certain activities	(25,358)	-
<b>Net result</b>	<b><u>27,680,412</u></b>	<b><u>18,598,523</u></b>

The results recorded in the first semester of 2017 by Oltchim SA confirm the positive evolution in recent years, determined by continuous increase of business efficiency, regaining markets mostly external and refurbishments made to the main process units.

Comparative analysis of financial indicators recorded by Oltchim SA from ordinary activities (without influence in the first half of 2015 of writable profit following the approval of the reorganization plan), in the first semester of each year after the entry into insolvency proceedings:

- thousands lei-

No.	Indicator	Semester I 2013	Semester I 2014	Semester I 2015	Semester I 2016	Semester I 2017
<b>1</b>	<b>Turnover</b>	<b>210,525</b>	<b>271,039</b>	<b>364,660</b>	<b>378,138</b>	<b>480,212</b>
<b>2</b>	<b>Total income</b>	<b>239,174</b>	<b>275,199</b>	<b>366,693</b>	<b>379,655</b>	<b>479,236</b>
	-operating income	206,987	274,306	364,687	377,960	477,556
	-financial income	32,187	893	2,005	1,694	1,680
<b>3</b>	<b>Total expenses</b>	<b>386,671</b>	<b>389,710</b>	<b>375,816</b>	<b>355,260</b>	<b>442,582</b>
	- operating expenses	327,923	383,110	371,058	352,994	439,703
	- financial expenses	58,748	6,600	4,759	2,266	2,880
<b>4</b>	<b>Gross result</b>	<b>(147,496)</b>	<b>(114,511)</b>	<b>(9,124)</b>	<b>24,395</b>	<b>36,654</b>
	-operating profit/(loss), of which:	(120,935)	(108,804)	(6,370)	24,967	37,853
	- <i>amortization expense</i>	55,255	73,244	30,789	25,954	23,113
	- financial result	(26,561)	(5,707)	(2,753)	(572)	-1,199
<b>5</b>	<b>EBITDA (operating result + amortization)</b>	<b>(65,680)</b>	<b>(35,560)</b>	<b>24,419</b>	<b>50,921</b>	<b>60,967</b>

Compared with current activity from previous years in the first half of 2017 Oltchim SA has obtained the following results:

- overall business profit of 36.7 million lei (equivalent to 8.1 million euro), representing an improvement by 12.3 million lei (equivalent to 2.7 million euro) compared to first semester of 2016 and by 184.2 million lei (equivalent to 40.6 million euro) compared to first semester of 2013;
- improved financial indicator EBITDA by 10.1 million lei (equivalent to 2.2 million euro) compared to the first semester of 2016 and by 126.6 million lei (equivalent to 27.9 million euro) compared to the first semester of 2013;
- turnover increased by 102.1 million lei (equivalent to 22.5 million euro) compared to the first semester of 2016 and by 269.7 million lei (equivalent to 59.5 million euro) compared to the first semester of 2013.

**Gross result** from the first semester of 2017, respectively profit in amount of 36,654 thousands lei, consists of:

- Gross profit of 44,583 thousands lei earned from operating installations on the chemical platform in Rm. Valcea;
- Expenses of 5,583 thousands lei related to Petrochemical Division Bradu;
- Expenses of 2,346 thousands lei related to non-operating assets on the chemical platform in Rm Valcea.

Good evolution of the company is reflected also in comparison with the provisions of the Reorganization plan. Thus, for the cumulative 26 months, EBITDA is better with 21.57 million euro compared with provisions of the Reorganization plan (cumulative EBITDA achieved in 26 months - 36.31 million euro, compared with EUR 14.74 million euro - provided by the Reorganization plan).

**NOTE 14. ACCOUNTING POLICIES**

Financial statements at 30.06.2017 were prepared in accordance with International Financial Reporting Standards and are unaudited.

For conversion to LEI of assets and liabilities in foreign currency have been used exchange rates of 30.06.2017 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 insolvency judge confirmed the reorganization plan proposed by the judicial receivers and approved by creditors.

These financial statements have been prepared on a going concern basis which assumes that the Company will continue 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 measurement***

The fair value of tangible assets has been determined on the basis of continuity. The company's assets were revalued in 2016, financial statements of 30.06.2017 including revalued assets. Amortization calculated at revalued amounts, by straight-line method, is recorded monthly in operating expenses. The subsequent sale or retirement of a revalued property, 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 derecognized.

The financial statements are prepared 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***

Foreign currency transactions are translated into the functional currency of the Company using the exchange rate on the day of transaction. Monetary assets in foreign currency are translated to the functional currency at exchange rate of the 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 30 June 2017 are as follows:

1 euro	4.5539
1 dollar	3.9915

***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 follows:

	<u>Years</u>
Buildings and special constructions	10 - 50
Plant and machinery	3 - 15
Furniture, appliances, office supplies, others	3 - 15
Land and property in process are not subject to amortization	

Expenses incurred to replace a component of an item of property, plant and equipment that is accounted

for as a separate asset is capitalized in the carrying amount of the asset component replaced. Other subsequent expenses is capitalized only when they generate future economic benefits for the Company. All other expenses are incorporated in the profit and loss account when incurred.

Repair and maintenance costs of tangible assets are expensed as they are made. 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 income is recognized, when the inventories are sold or used in the Company. The cost of inventories supplied is determined based on “first in, first out” method.

The cost of finished products and those in progress comprises raw materials, direct labor, other direct costs and indirect costs that relate to production (based on normal production capacity), but excluding borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and expenses of sale. Adjustments are recorded for slow moving inventories, obsoleted and worn out if necessary.

#### ***Cash assets***

Cash assets include cash, current accounts, bank deposits and receivable instruments (checks). Accounting of cash assets in bank accounts/cash desk and their movement due to collections and payments made is kept distinct in domestic and foreign currency.

#### ***Share capital***

The share capital comprises ordinary shares recorded at nominal value.

The Company recognizes changes in the share capital as provided by law and only after their registration in the Trade Register.

Capital value 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 shows in equity.

Current tax is calculated using tax income for the period, using the tax rate in effect at the balance sheet date, adjusted for corrections of 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: tax deductible goodwill, the initial recognition of assets or liabilities that are not a business combination and that affects neither the accounting profit nor taxable profit. Deferred tax is calculated based on tax rates enacted by legislation to apply in the period when the temporary difference will be realized.

Deferred tax asset is recognized only to the extent that it is probable to obtain future taxable profit, so tax losses carried forward and temporary differences can be used. Delayed deferred tax is reduced to the extent that the related tax benefit is unlikely to be achieved.

## NOTE 15. OTHER INFORMATION

### *Transactions with related parties and associated 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

	<b>6 months 2017</b>	<b>6 months 2016</b>
Sistemplast SA	19,923	19,717
Oltquino SA	103	206
Protectchim SRL	62,305	219,415
<b>Total</b>	<b>82,330</b>	<b>239,338</b>

##### Procurement of goods and services

	<b>6 months 2017</b>	<b>6 months 2016</b>
Sistemplast SA	3,734,881	2,981,892
Oltquino SA	0	0
Protectchim SRL	0	3,797
<b>Total</b>	<b>3,734,881</b>	<b>2,985,689</b>

#### (ii) Balances with related parties

##### Receivables from clients

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Sistemplast SA	2,187	1,261
Oltquino SA	0	31
Protectchim SRL	259,277	197,199
<b>Total</b>	<b>261,464</b>	<b>198,491</b>

##### Suppliers and other liabilities

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Sistemplast SA	495,033	636,041
Oltquino SA	0	0
Protectchim SRL	0	0
<b>Total</b>	<b>495,033</b>	<b>636,041</b>

### *Subsequent events*

On July 6, 2017 ended the stage of submission of final binding bids in the competitive process for the sale of assets of assets bundles. Selecting the winning bids will be made in the Assembly of Creditors.

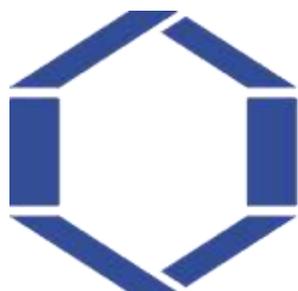
### *Exchange quotation*

The closing price of an OLT share on 30.06.2017 is 0.3180 lei, and market capitalization registered this date is 109,141,220 lei.

Special Administrator  
Stanescu Bogdan

Deputy General Director  
Avram Victor

Economic Director  
Smeu Alin



# OLTCHIM

In reorganizare judiciara

In judicial reorganisation

En redressement



Strada Uzinei Nr.1, Ramnicu Valcea, 240050, Romania

Tel: +40-(0)-250-701200 Fax: +40-(0)-250-735030

[www.oltchim.ro](http://www.oltchim.ro)

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## COMPANY'S BUSINESS REPORT

### ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### AT THE DATE AND FOR THE PERIOD ENDED JUNE 30, 2017

The consolidated financial statements at and for the period ended June 30, 2017 relate to the Company and its subsidiary Sistemplast S.A.(94.4%) (together defined as “Group”) and to the interest of the Group in the associated companies: Oltquino (46.64%), Euro Urethane (41.28%) and Protectchim (30.00%). The consolidated financial statements comprise mainly the activity of OLTCHIM SA which is majoritary within the Group, its activity being presented in detail in the Report on the unconsolidated financial statements. This report contains only additional data due to consolidation of the Group financial statements.

#### I. OLTCHIM BUSINESS REVIEW

The activity of Oltchim includes mainly: production of chlor-alkali, petrochemicals, polyether polyols, oxo alcohols and other chemicals, including services and technical assistance and their sale on domestic and export market.

OLTCHIM S.A. was established as a joint stock company by G.D. no. 1213/20.11.1990 and registered at the Trade Register under no. J38/219/1991.

The main economic-financial indicators according to the interim condensed consolidated financial statements as per IAS 34 „Interim financial reporting”, achieved by OLTCHIM SA at June 2017 compared to the corresponding period of 2016, are as follows:

**Interim condensed consolidated financial position: - short form**
**-thousand lei-**

Indicator	Value at 30.06.2017	Value at 31.12.2016
<b>ASSETS</b>		
<b><i>1. Long term assets - total, of which:</i></b>	<b>857,171</b>	<b>880,779</b>
Tangible assets	848,941	872,340
Intangible assets	1,324	1,474
Real estate investments	6,906	6,965
<b><i>2. Current assets, total of which:</i></b>	<b>192,281</b>	<b>127,080</b>
Inventories	48,927	52,540
Trade receivables	42,783	39,510
Other assets	100,571	35,030
<b>TOTAL ASSETS (1+2)</b>	<b>1,049,452</b>	<b>1,007,859</b>
<b>EQUITY AND LIABILITIES</b>		
<b><i>3. Total equity, of which:</i></b>	<b>(345,551)</b>	<b>(374,008)</b>
-Equity, of which:	(345,542)	(373,998)
Share capital	1,018,300	1,018,300
Reserves	391,068	391,068
Current loss and carried	(1,754,910)	(1,788,066)
- Non- controlling interests	(9)	(10)
<b><i>4. Long term liabilities, of which:</i></b>	<b>1,137,789</b>	<b>1,138,225</b>
Loans	615,690	615,690
Trade payables	367,098	367,098
Taxes and duties	32,719	32,719
Other long term liabilities	122,282	122,718
<b><i>5. Current liabilities, of which:</i></b>	<b>257,214</b>	<b>243,642</b>
Trade payables	113,160	119,196
Taxes and duties	89,549	60,230
Other liabilities	54,505	64,216
<b>TOTAL EQUITY AND LIABILITIES (3+4+5)</b>	<b>1,049,452</b>	<b>1,007,859</b>

**Interim condensed consolidated statement of comprehensive income – short form**

**-thousand lei-**

<b>Indicator</b>	<b>Value at 30.06.2017</b>	<b>Value at 30.06.2016</b>
<b>1. Incomes - total, of which</b>	<b>485,363</b>	<b>384,408</b>
Net sales	480,212	378,138
<b>2. Expenses - total, of which:</b>	<b>(448,695)</b>	<b>(360,055)</b>
Expenses with raw materials and consumables	(223,190)	(165,485)
Expenses with energy and water	(102,750)	(85,569)
Salary expenses	(58,432)	(52,054)
Expenses with amortization	(23,131)	(25,968)
Other expenses	(41,192)	(30,979)
<b>3. Profit before tax (1+2)</b>	<b>36,668</b>	<b>24,353</b>
<b>4. Income tax</b>	<b>(8,948)</b>	<b>(5,796)</b>
<b>5. Taxes specific to certain activities</b>	<b>(25)</b>	<b>-</b>
<b>6. Net profit of the period (3+4+5)</b>	<b>27,695</b>	<b>18,557</b>

In the first semester of 2017, compared to the same period of 2016, the Group increased the turnover from current activity by 102 million lei, respectively by 27%, and the net profit increased by 9.1 million lei, respectively by 49%.

By the subsidiary components of consolidation, the companies have achieved the following results:

**A. OLTCHIM S.A. Rm. Valcea**

The activity of SC OLTCHIM SA is majoritary within the Group.

Main indicators obtained in the first semester of 2017 and used for the consolidation are:

**-thousand lei-**

<b>Indicator</b>	<b>Value at 30.06.2017</b>	<b>Value at 30.06.2016</b>
<b>1. Incomes - total, of which:</b>	<b>483,655</b>	<b>383,448</b>
Net sales	480,212	378,138
<b>2. Expenses - total</b>	<b>(447,001)</b>	<b>(359,053)</b>
<b>3. Profit /(loss) before tax (1+2)</b>	<b>36,654</b>	<b>24,395</b>
<b>4. Income tax</b>	<b>(8,949)</b>	<b>(5,796)</b>
<b>5. Taxes specific to certain activities</b>	<b>(25)</b>	<b>-</b>
<b>6. Net profit/(loss) of the period (3+4+5)</b>	<b>27,680</b>	<b>18,599</b>

## B. SISTEMPLAST SA Rm. Valcea

The company was founded in February 12, 1999. The company headquarter is in Ramnicu Valcea, 1 Uzinei Street. Main activity of the company consists in maintenance and repair works.

The share capital amounts to 7,700,162 lei, with the following shareholding structure:

- OLTCHIM S.A.	94.4%
- CHARITY HOLDINGS S.A.	5.2%
- Other shareholders	0.4%

Main financial indicators obtained in the first quarter of 2017 are:

Indicator	-thousand lei-	
	Value at 30.06.2017	Value at 30.06.2016
1. Incomes - total	4,212	3,463
2. Expenses - total	(4,198)	(3,458)
3. Profit /(loss) before tax (1+2)	14	5
4. Income tax	-	-
5. Net profit/(loss) of the period (3+4)	14	5

Also the activity of Sistemplast grew in first semester of 2017 compared to the first semester of 2016, total incomes increasing by 749 thousand lei and the net profit by 9 thousand lei.

## II. ASSOCIATED COMPANIES – DESCRIPTION

OLTCHIM holds stakes between 20% and 50% in the following companies:

Company	Shares owned (%)
1. Oltquino SA – Rm. Valcea	46.64%
2. Euro Urethane SRL – Rm. Valcea	41.28%
3. Protectchim SRL – Rm. Valcea	30.00%

For associated companies, where Oltchim holds between 20% and 50% of the share capital, in preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union it is considered only the profit calculated according to the contribution to the share capital.

**Oltquino SA** is a joint venture founded on December 19, 1994 having as shareholders Oltchim SA with 46.64% of the shares, Inquinoso Spain with 52.99% of the shares and Spanish individuals with 0.37%.

The company headquarters is in Ramnicu Valcea, 1, Uzinei Street. The activity of the company is completely closed.

	June 30, 2017
	thousand lei
Share capital	2,035
Total assets	342
Total liabilities	48
Total incomes	6
Total expenses	19
Profit/(loss) of the first semester 2017:	(13)

**Euro Urethane** is a joint stock company, Oltchim S.A. holds 41.28% of the share capital, the rest of 58.72% is held by PCC SE.

The headquarter is in Ramnicu Valcea, 1, Uzinei Street. The core business is the manufacture of toluene diisocyanate. Currently the company is on investment.

	<u>June 30, 2017</u> <i>thousand lei</i>
Share capital:	5,611
Total assets	5,321
Total liabilities	12
Total incomes	86
Total expenses	175
Profitul/(Loss) for the first semester 2017:	(89)

**Protectchim SRL** is a company founded on February 27, 2003, having as shareholders Oltchim SA with 30% of the shares, the rest being owned by individuals.

The company headquarters is in Ramnicu Valcea, 1, Uzinei street. The company was founded by outsourcing "Proofing" and "Investment-Construction" divisions which in the past belonged to Oltchim SA Rm Valcea. The main object of activity is construction works, insulation and corrosion protection.

During 2014-2015 the investment in Protectchim became uncertain, being reduced to 7.5% by the capital increase carried out by this company, without granting pre-emptive rights to Oltchim SA.

In December 2016 share participation of Oltchim S.A. in Protectchim returned to 30% pursuant to the Decision no. 11096 / 20.12.2016 issued by the Trade Registry of Valcea Court.

Protectchim entered into insolvency in March 8, 2017, according to Decision no. 353 / 08.03.2017 issued in file no. 2263 / 90 / 2016, opened on August 8, 2016 by the Valcea Court.

The influence into the profit and loss account of Oltchim condensed consolidated financial statements of the results recorded by the associated companies where Oltchim holds stakes between 20% and 50%, is reduced to zero, the accumulated losses of these three companies decreasing completely the investments in their share capital.

A summary of the gross profit recorded by the OLTCHIM Group in the consolidated financials at June 30, 2017, amounting to 36,668 thousand lei, is as follows:

- gross profit recorded by OLTCHIM S.A.	36,654 thousand lei;
- gross profit recorded by SISTEMPLAST	14 thousand lei.

**Special Administrator**  
Stanescu Bogdan

**Deputy General Manager**  
Avram Victor

**Economic Director**  
Smeu Alin

**OLTCHIM SA company in judicial reorganization**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS**

**AT THE DATE AND FOR THE PERIOD  
ENDED ON 30 June 2017**

<b>CONTENT</b>	<b>PAGINA</b>
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CONSOLIDATED PROFIT AND LOSS ACCOUNT	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
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**OLTCHIM SA – societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Condensed consolidated statement of financial position on 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

	<u>30 June 2017</u>	<u>31 December 2016</u>
<b>ASSETS</b>		
<b>Long term assets</b>		
Tangible fixed assets	848,941	872,340
Real estate investments	6,906	6,965
Intangible fixed assets	1,324	1,474
<b>Total long term assets</b>	<b>857,171</b>	<b>880,779</b>
<b>Current assets</b>		
Inventories	48,927	52,540
Trade receivables	42,783	39,510
Taxes and charges to be recovered	36,245	6,376
Other assets	7,005	1,035
Cash and cash equivalents	57,321	27,619
<b>Total current assets</b>	<b>192,281</b>	<b>127,080</b>
<b>TOTAL ASSETS</b>	<b>1,049,452</b>	<b>1,007,859</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent company</b>		
Share capital	1,018,300	1,018,300
Reserves	391,068	395,768
Current and retained earnings	(1,754,910)	(1,788,066)
<b>Total Equity attributable to owners of the parent company</b>	<b>(345,542)</b>	<b>(373,998)</b>
<b>Non-controlling interests</b>	<b>(9)</b>	<b>(10)</b>
<b>Total equity</b>	<b>(345,551)</b>	<b>(374,008)</b>
<b>Long term liabilities</b>		
Loans	615,690	615,690
Subsidies and deferred income	3,853	4,270
Deferred tax liabilities	60,751	60,751
Provisions	36,343	36,343
Other long term liabilities	21,316	21,316
Trade payables	367,098	367,098
Taxes and duties payable	32,719	32,719
Liabilities related to leasing contracts	19	38
<b>Total long term liabilities</b>	<b>1,137,789</b>	<b>1,138,225</b>
<b>Current liabilities</b>		
Trade payables	113,160	119,196
Taxes and duties payable	89,549	60,230
The current part of the liabilities related to the leasing contracts	22	8
Other liabilities	54,483	64,208
<b>Total current liabilities</b>	<b>257,214</b>	<b>243,642</b>
<b>Total liabilities</b>	<b>1,395,003</b>	<b>1,381,867</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,049,452</b>	<b>1,007,859</b>

Special Administrator  
Stanescu Bogdan

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**OLTCHIM SA – societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Consolidated condensed profit and loss account on 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

	<b>30 June 2017</b>	<b>30 June 2016</b>
Net sales	480,212	387,138
Investment income	4,388	4,342
Other income or (loss)	763	1,928
Variation in inventory	(12,431)	(8,159)
Expenses with raw materials and consumables	(223,190)	(165,485)
Expenses with energy and water	(102,750)	(85,569)
Expenses for depreciation and amortization of assets	(23,131)	(25,968)
Salary expenses	(58,432)	(52,054)
The net cost of financing	(97)	(99)
Income from subsidies	417	421
Other costs	(29,081)	(23,095)
The result of associated companies put in equivalence	-	(47)
<b>Gross Profit/(Loss)</b>	<b>36,668</b>	<b>24,353</b>
Tax on profit	(8,948)	(5,796)
Taxes specific to certain activities	(25)	-
<b>Net Profit/(Loss) of the period</b>	<b>27,695</b>	<b>18,557</b>
Profit/(Loss) attributable to:		
Owners of the parent company	27,694	18,569
Non- controlling interests	1	(12)
<b>Profit / (Loss) per share for continual and discontinuous operation attributable to the parent company (LEI per share)</b>		
<b>Profit / (Loss) per share, Basic</b>		
From continuous operations	0.080735	0.054133
Number of shares, millions	343	343

Special Administrator  
Stanescu Bogdan

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes form an integral part of these condensed interim consolidated financial statements

**OLTCHIM SA – societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Condensed consolidated statement of comprehensive income on 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

	<u>30 June 2017</u>	<u>30 June 2016</u>
<b>Profit / (Loss) of the period</b>	<u>27,695</u>	<u>18,557</u>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income per year</b>	<u>27,695</u>	<u>18,557</u>
Total comprehensive income attributable to:		
Owners of the parent company	<u>27,694</u>	<u>18,569</u>
Non-controlling interests	<u>1</u>	<u>(12)</u>

Special Administrator  
\_Stanescu Bogdan

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Avram Victor

Economic Manager  
Smeu Alin

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Condensed consolidated statement of cash flows for the period ended on 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

	<u>30 June 2017</u>	<u>30 June 2016</u>
<b>Cash flows from operating activities</b>		
Profit / (Loss) of the period	27,695	18,557
<b>Adjustments for non-cash items</b>		
Expenses with amortization of fixed assets	46,390	48,845
(Profit)/Loss from fixed assets sale	2,419	-
Expenses / (Income) related to provisions for current assets	(1,449)	432
Impairment / (reversal of impairment) of tangible assets	(23,260)	(22,877)
Impairment / (reversal of impairment) of financial assets	109	-
Amortization of subsidies	(417)	(420)
Interest expense	(14)	(3)
Profit tax expense	8,948	5,796
Profit of associated companies	-	47
<b>Operational Profit / (loss) before changes in working capital</b>	<u><b>60,421</b></u>	<u><b>50,377</b></u>
Increase / (Decrease) in inventories	4,378	12,941
Increase / (Decrease) in receivables	(158,638)	(97,487)
Increase / (Decrease) in liabilities	125,479	68,478
<b>Changes in working capital</b>	<u><b>(28,781)</b></u>	<u><b>(16,068)</b></u>
<b>Cash flows from operating activities</b>	<u><b>31,640</b></u>	<u><b>34,309</b></u>
Interest paid	-	-
<b>Net cash flow from operating activities</b>	<u><b>31,640</b></u>	<u><b>34,309</b></u>
<b>Cash flow used in the investment activity</b>		
Interest received	14	3
Acquisition of tangible and intangible assets	(3,963)	(3,894)
Receipts from the sale of fixed assets	2,016	-
<b>Cash used for investment activity</b>	<u><b>(1,933)</b></u>	<u><b>(3,891)</b></u>
<b>Cash flow generated from financing activities</b>		
Variation of long term loans	(10)	(25)
Lease payments	5	4
<b>Cash flow used in financing activities</b>	<u><b>(5)</b></u>	<u><b>(21)</b></u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<u><b>29,702</b></u>	<u><b>30,397</b></u>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Condensed consolidated statement of cash flows for the period ended on 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

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	<u>30 June 2017</u>	<u>30 June 2016</u>
Cash at 1 January	27,619	13,524
Cash at 30 June	<u>57,321</u>	<u>43,921</u>

Special Administrator  
Stanescu Bogdan

Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Condensed consolidated statement of changes in equity for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

	<u>Share capital</u>	<u>Revaluation reserves</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Current and retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total capital</u>
<b>Balance at 1 January 2017</b>	<b>1,018,300</b>	<b>379,696</b>	<b>6,851</b>	<b>9,221</b>	<b>(1,788,066)</b>	<b>(373,998)</b>	<b>(10)</b>	<b>(374,008)</b>
<b>Total comprehensive income for the period</b>								
Net Profit/(Loss) of the period	-	-	-	-	27,694	27,694	1	27,695
<b>Other comprehensive income</b>								
Reserves from revaluation related to fixed assets sold	-	(4,700)	-	-	4,700	-	-	-
Other items	-	-	-	-	762	762	-	762
<b>Total other comprehensive income</b>	<b>-</b>	<b>(4,700)</b>	<b>-</b>	<b>-</b>	<b>(5,462)</b>	<b>762</b>	<b>-</b>	<b>762</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(4,700)</b>	<b>-</b>	<b>-</b>	<b>33,156</b>	<b>28,456</b>	<b>1</b>	<b>28,457</b>
<b>Balance at 30 June 2017</b>	<b>1,018,300</b>	<b>374,996</b>	<b>6,851</b>	<b>9,221</b>	<b>(1,754,910)</b>	<b>(345,542)</b>	<b>(9)</b>	<b>(345,551)</b>

Special Administrator  
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Deputy General Manager  
Avram Victor

Economic Manager  
Smeu Alin

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

**EXPLANATORY NOTES**

to the Condensed Consolidated Financial Statements, ended on 30.06.2017

**1. General information and main business**

Oltchim S.A. ("Oltchim" or "Company") is a joint stock company residing in Romania. The company has its headquarters located on Uzinei Street, no. 1, Ramnicu Valcea, postal code 240050. The affiliated companies included in these financial statements have their registered office in Romania.

Condensed consolidated financial statements at and for the period ended 30 June 2017 refer to the Company and its subsidiary Sistemplast (94.4%) (collectively defined as "the Group") and the Group's interests in associated companies: Oltquino (46.64%), Eurourethane (41.28%), Protectchim (30.00%).

The main business of the group is the manufacture of chemicals.

The Group sells the chemicals both on the local market (approximately 22% of the turnover in the first half of 2017 and 25% in the first half of 2016) and the international one (approximately 78% of the turnover in the first half of 2017 and 75% in the first half of 2016). The most significant exports are made to the European Union and Turkey. The main competitors on the international market are: Bayer, Dow Chemical, Shell Chemicals, BASF, Formosa Group, PCC Rokita etc.

The Group holds environmental and quality certificates (ISO 14001 and ISO 9001) from TUV Management Service GmbH, valid until 2017.

**Shareholding structure**

The Romanian State, represented by the Ministry of Economy, is the main shareholder. The nominal subscribed and paid-up share capital as at 30 June 2017 is 34,321 thousand LEI (31 December 2016 was 34,321 thousand LEI) divided into 343,211,383 shares each with a nominal value of 0.10 LEI. Each share entitles the holder to a single vote.

The shareholding structure is as follows:

Shareholders	30.06.2017		31.12.2016	
	No. of shares	%	No. 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	38,907,661	11.3364	38,892,961	11.3321
Legal persons	5,196,980	1.5142	5,211,680	1.5185
<b>TOTAL</b>	<b>343,211,383</b>	<b>100.0000</b>	<b>343,211,383</b>	<b>100.0000</b>

All shares are ordinary shares, subscribed and fully paid. All shares carry equal voting rights and a nominal value of 0.10 LEI per share.

**Management structure**

By Sentence no. 617 of January 30, 2013 given by the Court Valcea – Section II civil, in case no. 887/90/2013 it was appointed as Judiciary Administrator a Consortium composed of ROMINSOLV SPRL Bucharest, headquartered in Bucharest, Splaiul Unirii no.223, 3 rd floor, District 3, registration number 0122/2006 in Registry Forms of Organization, RFO, represented by Coordinating Partner, Gheorghe Piperea, and BDO BUSINESS RESTRUCTURING S.P.R.L., headquartered in Bucharest, 24, Invingatorilor Street, Victory Business Center Building, 3rd floor, District 3, registration number 0239/2006 in Registry Forms of Organization, RFO, represented by Coordinating Partner, Nicolae Balan.

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

In the Extraordinary General Meeting of Shareholders on March 14, 2013 the shareholders appointed Mr. Nicolae Stanescu - Bogdan- Codrut as special administrator of Oltchim SA, in insolvency proceedings.

By Sentence No. 892 / 22.04.2015 rendered in the case of insolvency No. 887/90/2013, before the Court Valcea, was confirmed the debtor Oltchim SA reorganization plan proposed by the 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 National Agency for Fiscal Administration (NAFA), the judgment being handed down by the Court of Appeal Pitești on 24.09.2015. Oltchim SA is in judicial reorganization.

On 30 June 2017, the management of the Group 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.	
reprezentata prin Partener Coordonator Niculae Balan	Judicial Administrators
Stanescu Nicolae-Bogdan-Codrut	Special Administrator
Avram Danut-Victor	Deputy General Manager
Talpasanu Mihail*	Production Manager
Spiru-Ciobescu Armand	Commercial Manager
Smeu Alin-Ion	Economic Manager
Munteanu Dana-Maria	Human Resources Manager
Pirvu Marius	

\* Starting with 23.06.2017, Mr. Mihail Tălpășanu was revoked from the position of Production Manager and Mr. Nicu Laurențiu Andrei was nominated to take over this position for the remaining period until the end of 2017.

## 2. LONG TERM ASSETS

TANGIBLE ASSETS AND REAL ESTATE INVESTMENT	Land and buildings	Plants and machinery	Other facilities, equipment and furniture	Tangible assets in progress	Total tangible assets	Real estate investments
<b>Net value on 1 January 2017</b>	<b>368,445</b>	<b>461,710</b>	<b>2,825</b>	<b>39,360</b>	<b>872,340</b>	<b>6,965</b>
Advances for tangible assets	-	(1,003)	-	-	(1,003)	-
Transfers from assets in progress	-	8,960	45	(9,005)	-	-
Increases	-	13	-	4,973	4,986	-
Outputs	(4,403)	(57)	-	(1)	(4,461)	-
Amortization during the period	(7,543)	(38,432)	(203)	-	(46,178)	(59)
Amortization related to outputs	(23)	(4)	-	-	(27)	-
Reversal of value reduction	1,574	21,672	14	-	23,260	-

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
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(All amounts are worded in thousand Lei, unless otherwise stated)

<b>Net value on 30 June 2017</b>	<b>358,096</b>	<b>452,837</b>	<b>2,681</b>	<b>35,327</b>	<b>848,941</b>	<b>6,906</b>
<b>INTANGIBLE ASSETS</b>			<b>Development expenses</b>	<b>Patents and licenses</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Net value on 30 June 2017</b>			<b>7</b>	<b>1,298</b>	<b>19</b>	<b>1,324</b>
<b>TOTAL LONG TERM ASSETS</b>						<b>857,171</b>

*Revaluation*

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".

On December 31, 2013 the Group decided to make the assessment of tangible and intangible assets, valuation performed by an independent assessor, accredited by the National Association of Certified Assessors in Romania.

At June 30, 2017 fixed assets are carried at a revalued amount, less amortization and adjustments for depreciation or impairment in accordance with IAS 16 "Tangible assets" and IAS 36 "Impairment of Assets".

**3. INVENTORIES**

In "Statement of financial position at 30.06.2017", inventories are presented at net achievable value by reducing the adjustments for impairment, yielding the following values:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Finished product	8,612	21,861
Raw materials	15,021	9,834
Materials	9,667	9,300
Packaging	640	258
Production in progress	369	228
Semi- finished products	3,922	3,305
Commodities	65	69
Inventory items	473	216
Advance payments for inventories purchases	10,158	7,469
<b>Total</b>	<b>48,927</b>	<b>52,540</b>

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
Adjustments for impairment of finished products	35	157
Adjustments for impairment of raw materials	3,749	4,351
Adjustments for impairment of materials	43,227	43,374
Adjustments for impairment of semi-products	2,855	2,851
Adjustments for impairment of packagings	41	37
Adjustments for impairment of inventory items	330	316
<b>Total</b>	<b>50,237</b>	<b>51,086</b>

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

**4. RECEIVABLES AND LIABILITIES**

<b>Receivables</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Domestic customers	55,316	55,742
External customers	46,583	43,568
Adjustments for impairment domestic customers	(33,550)	(33,937)
Adjustments for impairment external customers	(25,566)	(25,863)
Advance payments for services	6,633	613
VAT to be recovered	35,315	6,274
Other receivables	1,302	524
<b>TOTAL</b>	<b>86,033</b>	<b>46,921</b>

The increase in the VAT to be recovered is driven by the fact that starting with 2017, OLTCHIM returned to the Large Contributable Administration Department and the VAT return is performed with anticipated control.

<b>Liabilities</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Internal suppliers	423,925	432,616
External suppliers	41,675	39,934
Debt to AAAS	241,307	241,307
Loans	374,383	374,383
Loans interest	22,718	22,674
Customers received in advance	14,657	13,744
Debts on salaries	19,040	26,956
Taxes and duties owed	122,268	92,903
Deferred tax	60,751	60,751
Provisions for employee benefits	10,350	10,350
Environmental investment provisions	25,993	25,993
Transactions related to joint operations	-	1,468
Other liabilities	37,936	38,788
<b>TOTAL</b>	<b>1,395,003</b>	<b>1,381,867</b>

**5. TURNOVER REPORTING BY OPERATIONAL SEGMENTS**

**Geographical segments**

The Group's sales activity is mainly divided into two geographic areas - the European Union and Turkey. The Group's assets and production activities are mainly located in Romania and consequently no information is disclosed regarding the location of assets.

	(%)	<b>30 June 2017</b>	%	<b>30 June 2016</b>
Domestic market	22	107,962	25	93,487
Export market	78	372,250	75	284,651
	<b>100</b>	<b>480,212</b>	<b>100</b>	<b>378,138</b>

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

**Business segments**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Petrochemicals (mainly polyether polyols)	288,607	254,083
Chlor-alkali (mainly caustic soda)	101,374	80,142
Commodities	10,153	10,553
Oxo-alcohols(mainly octanol)	72,014	29,270
Petrochemical Division Pitesti	158	8
Building Materials	6	4
Miscellaneous	7,900	4,078
<b>Total</b>	<b>480,212</b>	<b>378,138</b>

Turnover from sales of finished products increased in the first half of 2017 compared to the same period last year by 98.5 million lei, or 27%, being driven both by the increase of the quantities of finished products sold (37% of the increase) and the increase in sales prices (63% of growth)..

**6. Net sales**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Income from the sale of finished products	456,965	360,113
Income from sale of commodities	10,153	10,553
Other income	13,094	7,472
<b>Total</b>	<b>480,212</b>	<b>378,138</b>

**7. OTHER PROFIT OR LOSS**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Income from rent	810	892
Income from services rendering	2,079	1478
Income from penalties levied	20	13
Profit/loss from exchange rate differences	(741)	(252)
Profit/(Loss) from current assets impairment adjustments active curente	1,449	76
Profit/(Loss) from financial assets impairment adjustments	(109)	-
Profit/(Loss) from discounts	(363)	(323)
Profit/(Loss) from sale/disposal of fixed assets	(2,419)	-
Other income	37	44
<b>Total</b>	<b>763</b>	<b>1,928</b>

**8. COSTS WITH RAW MATERIALS AND CONSUMABLES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
Raw materials consumed	204,838	143,200
Cost of goods sold	8,857	9,423
Energy and water expenses	102,750	85,569
Expenses on consumables	9,495	12,862
<b>Total</b>	<b>325,940</b>	<b>251,054</b>

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

**9. EXPENSES WITH IMPAIRMENT AND AMORTIZATION OF FIXED ASSETS**

	<u>30 June 2017</u>	<u>30 June 2016</u>
Amortization of tangible assets	46,237	48,449
Amortization of intangible assets	153	396
(Profit)/Loss on adjustments for impairment of assets	(23,259)	(22,877)
<b>Total</b>	<b>23,131</b>	<b>25,968</b>

The income from adjustments of fixed assets impairment is driven by the reversal of the provision for previous years, for non-operating assets for which depreciation expense has been recorded, thus the net expense with depreciation and amortization is strictly attributable to the assets that generated income.

**10. NET COST OF FINANCING**

	<u>30 June 2017</u>	<u>30 June</u>
Expenses with bank interest	1	-
Banking fees and similar costs	96	99
<b>Total</b>	<b>97</b>	<b>99</b>

**11. OTHER EXPENSES**

	<u>30 June 2017</u>	<u>30 June 2016</u>
Expenses on transport and logistics	9,210	7,010
Other expenses on services provided by third parties	6,361	8,984
Protocol expenses	40	32
Expenses for repairs	216	774
Expenses for taxes and duties	2,556	2,918
Expenses on receivables	-	492
Expenses on insurance	298	353
Post and telecommunications expenses	87	87
Travel expenses	76	94
Expenses on rents	52	65
Expenses on fines and penalties	2,303	1,935
Penalties Olt Water Basin Administration –pollutants concentration exceeding in waste water	6,450	-
Other expenses	1,432	351
<b>Total</b>	<b>29,081</b>	<b>23,095</b>

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

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## 12. SALARY EXPENSES

Personnel expenses for the first half 2017 and first half of 2016:

	<u>30 June 2017</u>	<u>30 June 2016</u>
Salaries and allowances	42,665	38,676
Social security	12,297	11,164
Meal tickets	3,470	2,214
<b>Total</b>	<b><u>58,432</u></b>	<b><u>52,054</u></b>

The average number of employees was 2.113 on 30 June 2017 (on 30 June 2016 : 2.107 employees).

For all employees is paid social insurance.

Group employees are enrolled in the state pension plan.

## 13. TOTAL COMPREHENSIVE INCOME

	<u>30 June 2017</u>	<u>30 June 2016</u>
Gross comprehensive income	36,668	24,353
Income tax	(8,948)	(5,796)
Taxes specific to certain activities	(25)	-
<b>Net comprehensive income</b>	<b><u>27,695</u></b>	<b><u>18,557</u></b>

The results achieved in the first half of 2017 by the Group show that the measures envisaged in the reorganization plan approved by the creditors to streamline the parent company have been successfully implemented.

The regaining of the markets, mostly foreign, the revamping carried out to the main plants, in conjunction with the reduction of excess personnel contributed to these achievements.

## 14. BASIS OF PRESENTATION

Condensed interim consolidated financial statements for the 6 month period ended 30 June 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". These financial statements should be read together with the annual financial statements prepared on December 31, 2016 which were presented in accordance with the requirements of International Financial Reporting Standards (IFRS) as endorsed by the European Union.

These condensed interim consolidated financial statements are presented in Romanian lei ("LEI"), rounded to one thousand.

The Group's activity in the first half of 2017 was influenced by the activity of the parent company Oltchim SA, whose business is mainly in the Group.

Compared with the same period of last year the Group recorded better results from current business with increased turnover by 102 million LEI and profit per total business.

These condensed interim consolidated financial statements have been prepared on a going concern basis.

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

## 15. Accounting Policies

The accounting policies that led to the preparation of these condensed interim consolidated financial statements are consistent with those that were the basis for preparation of annual financial statements prepared for the year ended December 31, 2016.

## 16. ACCOUNTING ESTIMATES

Preparation of condensed interim consolidated financial statements in conformity with IFRS requires the management to use some estimates, judgments and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that can not be obtained from other sources. Actual results could differ from the estimates.

Estimates and assumptions are reviewed periodically. 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 in which the estimate is revised and future periods if the revision affects both the current period and future periods.

## 17. OTHER INFORMATION

### *Transactions with affiliated and associated parties*

The nature of the related party transactions is detailed below. The Group participated in transactions with affiliated parties in the normal course of business under terms of normal contractual terms.

#### (i) Transactions with affiliated parties

##### Sales

	6 months 2017	6 months 2016
Oltquino SA	-	-
Protectchim SRL	62	219
<b>Total</b>	<b>62</b>	<b>219</b>

##### Procurement of goods and services

	6 months 2017	6 months 2016
Oltquino SA	-	-
Protectchim SRL	-	4
<b>Total</b>	<b>-</b>	<b>4</b>

#### (ii) Balances with related parties

##### Customer receivables

	30 June 2017	31 December 2016
Oltquino SA	-	-
Protectchim SRL	259	197
<b>Total</b>	<b>259</b>	<b>197</b>

**OLTCHIM SA societate in reorganizare judiciara, in judicial reorganisation, en redressement**  
**Notes to the condensed consolidated financial statements for the period ended 30 June 2017**

(All amounts are worded in thousand Lei, unless otherwise stated)

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**Suppliers and other liabilities**

	<u>30 June 2017</u>	<u>31 December 2016</u>
Oltquino SA	-	-
Protectchim SRL	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

***Subsequent Events***

On July 6, 2017, the stage of submitting the final bids in the competitive bidding process of the parent company's asset bundles was completed. Binding offers were received from nine bidders.

***Stock Exchange Quotation***

The closing price of an OLT share on 30.06.2017 is 0.3180 lei, and the stock market capitalization recorded on this date is 109,141,220 lei.

Special Administrator  
Stanescu Bogdan

Deputy General Managert  
Avram Victor

Economic Manager  
Smeu Alin



# OLTCHIM



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[www.oltchim.ro](http://www.oltchim.ro)

Trade register number: J/38/219/18.04.1991  
Unique registration code: RO 1475261

In reorganizare judiciara

In judicial reorganisation

En redressement

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## STATEMENT OF THE RESPONSIBLE PERSONS WITHIN COMPANY

The undersigned:

**Bogdan Stănescu**, Special Administrator

**Victor Avram**, Deputy General Director

**Alin Smeu**, Economic Director

We make this commitment to the best of our knowledge that:

→The separate financial statements of Oltchim S.A., *societate în reorganizare judiciară, in judicial reorganisation, en redressement*, prepared in accordance with International Financial Reporting Standards(IFRS), in compliance with the Minister of Public Finance Order no. 2844/2016, as well as the consolidate financial statements prepared in accordance with International Financial Reporting Standards(IFRS), concluded on June 30, 2017, show a true and fair view of the assets, liabilities, financial position, profit and loss account of Oltchim S.A. Rm. Vâlcea and of the companies included in the consolidation process of the financial statements;

→The Special Administrator Report on company's activity, in the first half 2017, prepared in accordance with provisions of Annex no.31 of NSC Regulation no.1/2006, regarding separate financial statements and company's business Report in the first half 2017, regarding the consolidate financial statements contain an accurate analysis of the development and performances of Oltchim S.A. and of the companies included in the consolidation process of the financial statements, as well as a description of the main risks and uncertainties specific to the activity carried out.

**Bogdan Stănescu**,  
Special Administrator

**Victor Avram**,  
Deputy General Director

**Alin Smeu**,  
Economic Director