

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

Quarterly Report for the period ended  
September 30, 2017

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## SECTION B

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

## **Company Identification**

**Quarterly report according with CNVM regulation (1/2006)**

**Date of release:** 14.11.2017

**Reporting date:** 30.09.2017

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

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

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

**Sole registration code:** RO 1158050

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

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

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

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

## LANGUAGE DISCLAIMER

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



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A.1. During the reporting period there were no major events to affect the company's financial position.

A.2. A general description of the Financial position of the company and its financial performance.

### a) STATEMENT OF THE FINANCIAL POSITION

Indicator	30.09.2016	31.12.2016	30.09.2017	30.09.2017 vs. 31.12.2016	
Property, plant and equipment	152,094,829	147,005,912	141,374,240	-5,631,672	▼ -3.83%
Investment property	44,094,993	45,680,013	45,367,187	-312,826	▼ -0.68%
Intangible assets	263,329	246,401	180,348	-66,053	▼ -26.81%
Financial assets	22,844,471	22,844,368	22,247,181	-597,187	▼ -2.61%
<b>Total non-current assets</b>	<b>219,297,622</b>	<b>215,776,694</b>	<b>209,168,956</b>	<b>-6,607,738</b>	<b>▼ -3.06%</b>
Inventories	23,891,557	25,668,487	24,866,787	-801,700	▼ -3.12%
Trade and other receivables	27,550,871	26,553,753	35,549,285	8,995,532	▲ 33.88%
Amounts to receive from affiliates (financial)	495,000	0	1,157,997	1,157,997	▲ n/a
Taxes receivables	115,919	447,239	66,289	-380,950	▼ -85.18%
Other assets	350,606	294,011	189,719	-104,292	▼ -35.47%
Cash and bank balances	4,372,907	5,615,329	4,818,857	-796,472	▼ -14.18%
<b>Total current assets</b>	<b>56,776,860</b>	<b>58,578,819</b>	<b>66,648,934</b>	<b>8,070,115</b>	<b>▲ 13.78%</b>
<b>Total assets</b>	<b>276,074,482</b>	<b>274,355,513</b>	<b>275,817,890</b>	<b>1,462,377</b>	<b>▲ 0.53%</b>
Issued capital	26,412,210	26,412,210	26,412,210	0	— 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	53,233,735	54,506,299	51,703,274	-2,803,025	▼ -5.14%
Retained earnings	49,975,792	47,230,089	51,043,869	3,813,780	▲ 8.07%
<b>Total equity</b>	<b>131,804,020</b>	<b>130,330,881</b>	<b>131,341,636</b>	<b>1,010,755</b>	<b>▲ 0.78%</b>
Borrowings [Long-term]	32,790,655	36,104,275	32,717,008	-3,387,267	▼ -9.38%
Long term finance leases and other interest bearing obligations	176,943	84,588	0	-84,588	▼ -100.00%
Deferred tax liabilities	11,142,757	10,468,240	10,468,240	0	— 0.00%
Deferred income	20,505,751	19,939,642	18,241,316	-1,698,326	▼ -8.52%
<b>Total non-current liabilities</b>	<b>64,616,106</b>	<b>66,596,745</b>	<b>61,426,564</b>	<b>-5,170,181</b>	<b>▼ -7.76%</b>
Trade and other payables	31,430,137	26,896,495	38,522,615	11,626,120	▲ 43.23%
Borrowings [Short - term]	42,526,922	45,337,135	39,638,890	-5,698,245	▼ -12.57%
Short term finance leases and other interest bearing obligations	1,406,605	1,107,270	193,801	-913,469	▼ -82.50%
Deferred revenue	2,337,425	2,293,920	2,344,463	50,543	▲ 2.20%
Other liabilities	1,953,267	1,793,067	2,349,921	556,854	▲ 31.06%
<b>Total current liabilities</b>	<b>79,654,356</b>	<b>77,427,887</b>	<b>83,049,690</b>	<b>5,621,803</b>	<b>▲ 7.26%</b>
<b>Total liabilities</b>	<b>144,270,462</b>	<b>144,024,632</b>	<b>144,476,254</b>	<b>451,622</b>	<b>▲ 0.31%</b>
<b>Total equity and liabilities</b>	<b>276,074,482</b>	<b>274,355,513</b>	<b>275,817,890</b>	<b>1,462,377</b>	<b>▲ 0.53%</b>

In the first 9 months of 2017 **Non-currents assets** hold 75.84% of the company's assets, recording a decrease of RON 6,607,738, i.e. 3.06%, as compared with the beginning of the year.

Non-current Assets (NCA)	30.09.2017	% in total NCA	% in total Assets	30.09.17 vs. 31.12.16
Property, plant and equipment	141,374,240	67.59%	51.26%	-3.83%
Investment property	45,367,187	21.69%	16.45%	-0.68%
Intangible assets	180,348	0.09%	0.07%	-26.81%
Financial assets	22,247,181	10.64%	8.07%	-2.61%
<b>Total</b>	<b>209,168,956</b>	<b>100.00%</b>	<b>75.84%</b>	<b>-3.06%</b>

In the reporting period the main entries of Non-current assets (except the investments in progress) are:

· Buildings (including rearrangements and improvement)	:	2,004,216 lei
· Equipment and installations	:	2,751,413 lei
· Furniture and office equipment	:	110,762 lei

The non-current assets entries in the first 9 months of 2017 had the following destinations: CP7-Compounds : RON 2,240,247; CP3 – Polyethylene: RON 833,699; CP5- Polystyrene: RON 233,587; Administrative and others: RON 1,558,859.

The outputs of Non-current assets in the reporting period were as per registration cost in amount of RON 2,464,942 (out of which RON 2,246,453 sales and RON 218,489 dismantles/casation). The net value of the outputs was RON 2,278,692.

The property investments have the following structure:

Property investment	Lands	Buildings	Total
Iasi	26,746,493	8,426,266	35,172,759
Buzau	2,018,814	3,309,647	5,328,461
Stefanesti	2,430,559	2,435,408	4,865,967
<b>Total</b>	<b>31,195,866</b>	<b>14,171,321</b>	<b>45,367,187</b>

The outputs of Property Investment in the reporting period were as per registration cost in amount of RON 312,826(sales).

**Financial Investments** hold 8.07% of Total Assets, and 10.64% of Non-current assets.

As at 30.09.2017, S.C. ROMCARBON S.A. held shares in other companies totalizing RON 25,611,325 lei, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No.of shares held	Acquisition value of the shares (lei)	Participat ion quota (%)
RECYPLAT LTD CIPRU ROMCARBON	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
DEUTSCHLAND GmbH			110,138	110,138		110,138	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.00%
LIVINGJUMBO INDUSTRY SA	200	4,032	806,400	798,336	198	1,639,232	99.00%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.33%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	4.81%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
<b>TOTAL</b>						<b>25,611,325</b>	

The impairment of financial investments are presented in the following table:

Company	Participation quota	Adjustment
ROMCARBON DEUTSCHLAND GmbH	100.00%	110,138
GRINFILD LLC UCRAINA	62.62%	2,687,755

YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
<b>Total</b>		<b>3,364,144</b>

**Current assets** hold 24.16% of total assets recording an increase of RON 8,070,115, i.e. 13.78% as compared with the beginning of the year.

<b>Current assets</b>	<b>30.09.2017</b>	<b>% in total CA</b>	<b>% in Total Assets</b>	<b>30.09.17 vs. 31.12.16</b>
Inventories	24,866,787	37.31%	9.02%	-3.12%
Trade and other receivables	35,549,285	53.34%	12.89%	33.88%
Amounts to receive from affiliates (financial)	1,157,997	1.74%	0.42%	n/a
Taxes receivables	66,289	0.10%	0.02%	-85.18%
Other assets	189,719	0.28%	0.07%	-35.47%
Cash and bank balances	4,818,857	7.23%	1.75%	-14.18%
<b>Total</b>	<b>66,648,934</b>	<b>100.00%</b>	<b>24.16%</b>	<b>13.78%</b>

**Total Liabilities** hold 52.38% of the company's Equity&Liabilities recording an increase of RON 451,622, i.e. 0.31% as compared with the beginning of the year.

### **Borrowings**

As at 30.09.2017 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

<b>Bank</b>	<b>Type</b>	<b>Initial Balance</b>	<b>Balance as at 30.09.2017</b>		<b>Maturity</b>
			<b>in euro</b>	<b>in lei</b>	
UniCredit Bank	Credit line(Eur)	€ 5,450,000	€ 4,522,280	20,798,419 lei	10/04/2018
BRD GSG	Credit line(Eur)	€ 2,550,000	€ 2,198,924	10,113,071 lei	30/10/2017
UniCredit Bank	Investment loan(III)(Eur)	€ 442,500	€ 195,650	899,812 lei	19/09/2021
BRD GSG	Investment loan(I)(Eur)	€ 2,058,000	€ 218,936	1,006,909 lei	01/03/2018
BRD GSG	Investment loan(II)(Eur)	€ 1,000,000	€ 629,978	2,897,330 lei	03/09/2022
BRD GSG	Investment loan(III)(Eur)	€ 3,153,160	€ 1,951,956	8,977,242 lei	03/02/2022
UniCredit Bank	Investment loan- CCE 2015(Eur)	€ 3,042,240	€ 2,791,170	12,836,869 lei	04/12/2023
<b>Total borrowings in euro</b>		<b>€ 15,695,900</b>	<b>€12,508,893</b>	<b>57,529,652 lei</b>	
Eximbank SA	Investment loan(Lei)	6,142,500 lei		4,862,813 lei	20/06/2022
UniCredit Bank	Investment loan(I)(Lei)	3,200,000 lei		2,914,211 lei	11/07/2023
UniCredit Bank	Investment loan(II)(Lei)	2,500,000 lei		1,225,052 lei	19/09/2021
UniCredit Bank	Investment loan(IV)(Lei)	5,400,000 lei		4,580,984 lei	01/12/2021
UniCredit Bank	Investment loan(V)(Lei)	2,250,000 lei		1,243,187 lei	06/04/2022
<b>Total borrowings in lei</b>		<b>19,492,500 lei</b>		<b>14,826,246 lei</b>	
<b>Total</b>				<b>72,355,898 lei</b>	

Short term loans have the following structure :

<b>Bank</b>	<b>Type</b>	<b>CCY</b>	<b>Initial amount</b>	<b>Balance as at 30.09.2017</b>	
				<b>in euro</b>	<b>in lei</b>
UniCredit Bank SA	Credit line	euro	€ 5,450,000	€ 4,522,280	20,798,419 lei
BRD GSG	Credit line*	euro	€ 2,550,000	€ 2,198,924	10,113,071 lei
<b>Total short term borrowings</b>				<b>€ 6,721,204</b>	<b>30,911,490 lei</b>

Long term loans have the following structure :

Bank	Type	CCY	Balance as at 30.09.2017		Short term	Long term
			in euro	in lei	<12 months	> 12 months
UniCredit Bank	Inv.loan(III)	euro	195,650 €	899,812 lei	224,953 lei	674,859 lei
BRD GSG	Inv.loan (I)	euro	218,936 €	1,006,909 lei	1,006,909 lei	- lei
BRD GSG	Inv.loan (II)	euro	629,978 €	2,897,330 lei	550,733 lei	2,346,598 lei
BRD GSG	Inv.loan III)	euro	1,951,956 €	8,977,242 lei	2,071,671 lei	6,905,570 lei
UniCredit Bank	Inv.loan CCE2015	euro	2,791,170 €	12,836,869 lei	1,770,653 lei	11,066,215 lei
UniCredit Bank	Inv.loan I	Lei		2,914,211 lei	499,579 lei	2,414,632 lei
UniCredit Bank	Inv.loan II	Lei		1,225,052 lei	306,263 lei	918,789 lei
UniCredit Bank	Inv.loan IV	Lei		4,580,984 lei	1,077,878 lei	3,503,106 lei
UniCredit Bank	Inv.loan V	Lei		1,243,187 lei	195,010 lei	1,048,177 lei
Eximbank	Inv.loan	Lei		4,862,813 lei	1,023,750 lei	3,839,063 lei
<b>Total</b>			<b>5,787,690 €</b>	<b>41,444,409 lei</b>	<b>8,727,399 lei</b>	<b>32,717,009 lei</b>

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

In October 2017, the company signed with BRD GSG SA an addendum to the credit line contract for prolongation the validity of the credit line with 12 months.

**Current liabilities of the Company**, representing 57.48% of the Total Liabilities and 30.11% of Total Equity & Liabilities have increased by RON 5,621,803 as compared with 31.12.2016, i.e. 7.26%, have the following structure:

Current liabilities	30.09.2017	% in total liabilities	% in Total Current liabilities	% in Equity& Liabilities	30.09.17 vs. 31.12.16
Trade and other payables	38,522,615	26.66%	46.39%	13.97%	43.23%
Borrowings [Short – term]	39,638,890	27.44%	47.73%	14.37%	-12.57%
Short term finance leases and other interest bearing obligations	193,801	0.13%	0.23%	0.07%	-82.50%
Deferred revenue	2,344,463	1.62%	2.82%	0.85%	2.20%
Other liabilities	2,349,921	1.63%	2.83%	0.85%	31.06%
<b>Total</b>	<b>83,049,690</b>	<b>57.48%</b>	<b>100.00%</b>	<b>30.11%</b>	<b>7.26%</b>

**Non-current Liabilities** representing 22.27% of the company's Equity&Liabilities were registered in the reporting period a decrease of RON 5,170,181.

Non-current liabilities	30.09.2017	% in total liabilities	% in Total NCL	% in Equity& Liabilities	30.09.17 vs. 31.12.16
Borrowings [Long-term]	32,717,008	22.65%	53.26%	11.86%	-9.38%
Long term finance leases and other interest bearing obligations	0	0.00%	0.00%	0.00%	100.00%
Deferred tax liabilities	10,468,240	7.25%	17.04%	3.80%	0.00%
Deferred income	18,241,316	12.63%	29.70%	6.61%	-8.52%
<b>Total</b>	<b>61,426,564</b>	<b>42.52%</b>	<b>100.00%</b>	<b>22.27%</b>	<b>-7.76%</b>

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**Total Equity** holds **47.62%** of Total Equity&Liabilities having the following structure:

Equity	30.09.2017	30.09.17 vs. 31.12.16
Issued capital (264,122,096 shares at 0.10 lei per share)	26,412,210	0.00%
Share premium	2,182,283	0.00%
Reserves	51,703,274	-5.14%
Retained earnings	51,043,869	8.07%
<b>Total</b>	<b>131,341,636</b>	<b>0.78%</b>

## b) STATEMENT OF COMPREHENSIVE ITEMS

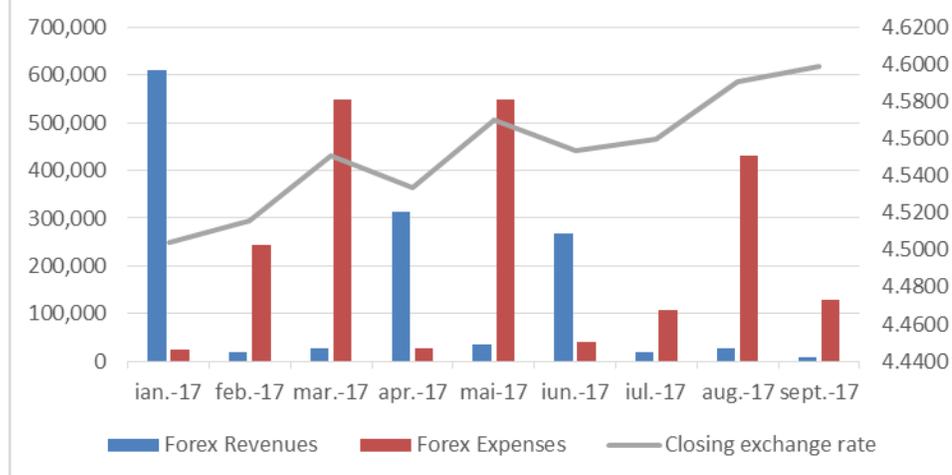
Indicator	30.09.2015	30.09.2016	30.09.2017	30.09.2017 vs. 30.09.2016
Net sales	133,941,400	134,450,961	149,253,815 ▲	14,802,854 11%
Investment income *	7,727,370	5,971,437	3,307,478 ▼	- 2,663,959 -45%
Other gains and losses	1,103,138	1,286,934	118,151 ▼	- 1,168,783 -91%
Changes in inventories of finished goods and work in progress	828,961	3,180,856	943,996 ▼	- 2,236,860 -70%
Raw materials and consumables used	-102,148,717	-99,144,656	-106,718,694 ▲	- 7,574,038 8%
Depreciation and amortisation expenses	-5,257,454	-9,756,944	-8,006,905 ▼	1,750,039 -18%
Employee salaries and benefits	-13,676,017	-17,155,535	-20,807,878 ▲	- 3,652,343 21%
Social security expenses	-3,161,182	-3,934,886	-4,811,368 ▲	- 876,482 22%
Net finance costs	-1,532,268	-1,591,900	-1,286,324 ▼	305,576 -19%
Income from subsidies	881,384	1,603,849	1,698,327 ▲	94,478 6%
Other expenses	-8,497,381	-10,073,877	-10,218,113 ▲	- 144,236 1%
<b>Profit (loss) before taxation</b>	<b>10,209,235</b>	<b>4,836,239</b>	<b>3,472,485 ▼</b>	<b>- 1,363,754 -28%</b>
Profit tax	-439,598	-447,239	-454,402 ▲	- 7,163 2%
<b>Profit (loss) of the year</b>	<b>9,769,637</b>	<b>4,389,000</b>	<b>3,018,083 ▼</b>	<b>- 1,370,917 -31%</b>
Net loss on revaluation of tangible assets	0	0	0 -	-
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	0	0	0 -	-
<b>Total comprehensive income</b>	<b>9,769,637</b>	<b>4,389,000</b>	<b>3,018,083 ▼</b>	<b>- 1,370,917 -31%</b>
	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	
<b>Average no. of employees</b>	<b>774</b>	<b>868</b>	<b>930</b>	

\*Investment income – details:

Indicator	30.09.2015	30.09.2016	30.09.2017
Rental and royalty income	1,925,548	1,883,804	2,147,216
Interest income	12,468	10,989	2,265
Investment income (dividends) - Recyplat	4,698,776	3,207,528	0
Investment income (dividends) - Infotech Solutions SRL	100,579	124,116	157,997
Investment income (dividends) - LivingJumbo Industry SA	990,000	495,000	0
Investment income (dividends) - Energo Install SRL	0	250,000	1,000,000
<b>Total</b>	<b>7,727,370</b>	<b>5,971,437</b>	<b>3,307,479</b>

Note : In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation for the first 9 months of 2017 the company registered revenues in amount of RON 1,323,795 and expenses in amount of RON 2,098,854, resulting a loss of RON 775,059.

Evolutions of the forex revenues and expenses as a result of the currency availabilities, assets and liabilities monthly evaluation



## Turnover (sales)

Sales	9 months of 2015		9 months of 2016		9 months of 2017		9 M 2017 vs. 9 M 2016
	Value	% in total	Value	% in total	Value	% in total	
Sales of finished goods	83,194,720	61%	90,755,931	67%	106,845,434	71%	▲ 17.73%
Sales of intermediary goods	165,148	0%	72,148	0%	40,550	0%	▼ -43.80%
Services rendered	180,585	0%	227,779	0%	247,057	0%	▲ 8.46%
Sale of commodities	48,495,496	36%	41,214,435	30%	39,565,155	26%	▼ -4.00%
Rental and royalty income	1,925,548	1%	1,883,804	1%	2,147,216	1%	▲ 13.98%
Revenues from sundry services	1,905,451	1%	2,180,668	2%	2,555,617	2%	▲ 17.19%
<b>Total, out of which:</b>	<b>135,866,949</b>	<b>100%</b>	<b>136,334,764</b>	<b>100%</b>	<b>151,401,030</b>	<b>100%</b>	<b>▲ 11.05%</b>
~domestic market	113,840,786	84%	106,760,030	78%	112,069,216	74%	▲ 4.97%
~exports	22,026,163	16%	29,574,734	22%	39,331,814	26%	▲ 32.99%

Note: Turnover comprises the item Net sales from Profit and Loss Account, plus Rental and royalty income which is comprised in the Investment income.

## B. Financial ratios :

Ratio	Formula	30/09/2016	31/12/2016	30/09/2017
1. Current ratio	Current assets/Current Liabilities	0.71	0.76	0.80
2. Debt ratios	Long term Borrowings and leases/Total Equity x100	25.01%	27.77%	24.91%
	Long term Borrowings and leases /Engaged capital x100	20.01%	21.73%	19.94%
3. Account receivable turnover ratio (days)	Average receivable balance /Sales x days	61	60	55
4. Account payable turnover ratio (days)	Average payable balance /Sales x days	62	57	58
5. Assets turnover ratio	Sales/Non-current assets	0.62	0.84	0.72

Borrowed capital = Long term borrowings + long term leasing

Engaged capital = Total Equity + Long term Borrowings and leases

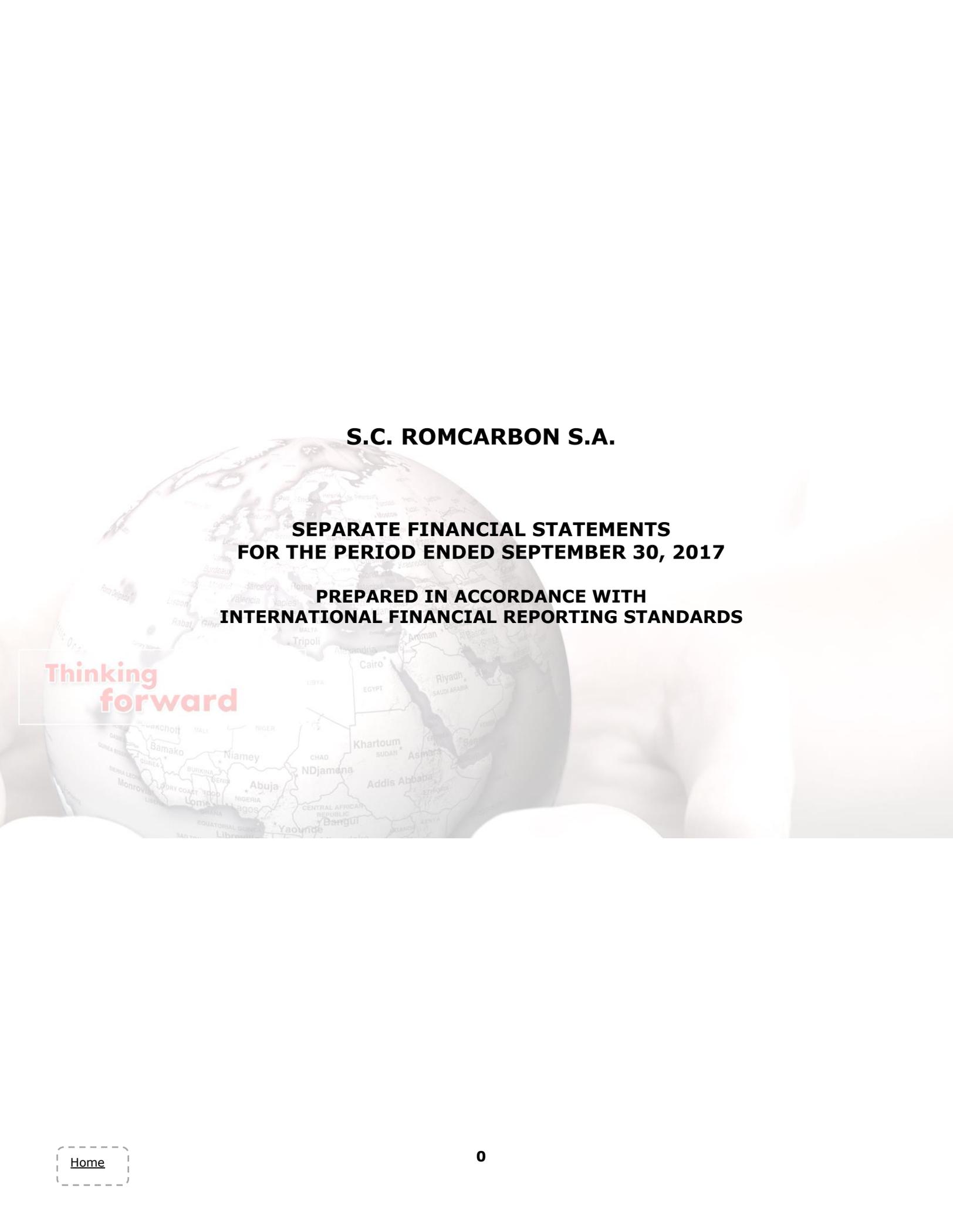


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**Please note that the Financial Statements for the period ended September 30, 2017 have not been audited.**

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

**General Manager: eng.Andrei Radu  
Financial Manager :ec. Zainescu Viorica Ioana**



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

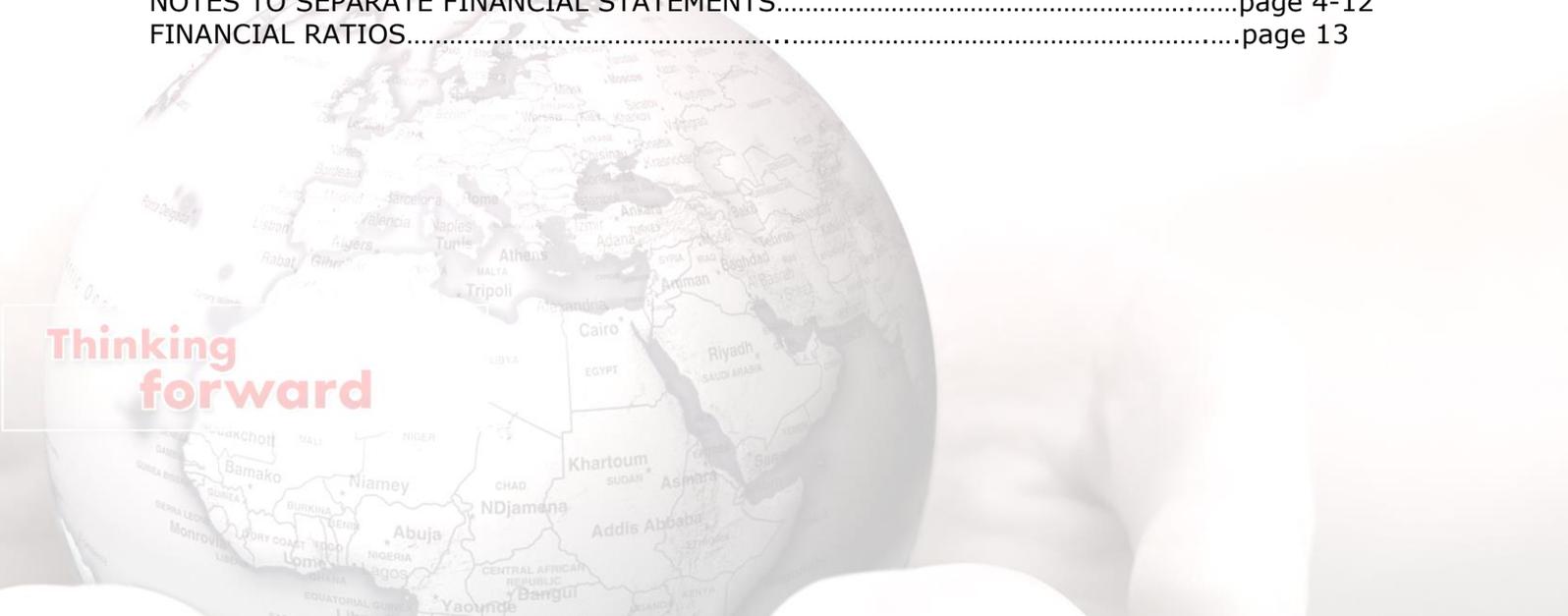
**SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**Thinking  
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**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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

	<b>30-Sept-16</b>	<b>30-Sept-17</b>
	<b>RON</b>	<b>RON</b>
Net sales	134,450,961	149,253,815
Investment income	5,971,437	3,307,478
Other gains or losses	1,286,934	118,151
Changes in inventories	3,180,856	943,996
Raw materials and consumables used	(99,144,656)	(106,718,694)
Depreciation and amortization expense	(9,756,944)	(8,006,905)
Employee salaries and benefits	(17,155,535)	(20,807,878)
Social security expenses	(3,934,886)	(4,811,368)
Net finance cost	(1,591,900)	(1,286,324)
Income from subsidies	1,603,849	1,698,327
Other expenses	(10,073,877)	(10,218,113)
<b>Profit (loss) before taxation</b>	<b>4,836,239</b>	<b>3,472,485</b>
Profit tax	(447,239)	(454,402)
<b>Net profit</b>	<b>4,389,000</b>	<b>3,018,083</b>
Other comprehensive income		
<b>Total comprehensive income</b>	<b>4,389,000</b>	<b>3,018,083</b>
Earnings per share	0.0166	0.0114
<b>Number of shares</b>	<b>264,122,096</b>	<b>264,122,096</b>

**Thinking forward**

**CHAIRMAN OF THE BOARD  
HUNG CHING LING**

Signature \_\_\_\_\_

**GENERAL MANAGER  
ANDREI RADU**

Signature \_\_\_\_\_

PREPARED BY,  
**FINANCIAL MANAGER  
ZAINESCU VIORICA**

Signature \_\_\_\_\_

**STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
<b>Non-current assets</b>		
Property, plant and equipment	147,005,912	141,374,240
Investment property	45,680,013	45,367,187
Intangible assets	246,401	180,348
Financial assets	22,844,368	22,247,181
<b>Total non-current assets</b>	<b>215,776,694</b>	<b>209,168,956</b>
<b>Current assets</b>		
Inventories	25,668,487	24,866,787
Trade and other receivables	26,553,753	35,549,285
Amounts to receive from affiliates (financial)	-	1,157,997
Taxes receivables	447,239	66,289
Other assets	294,011	189,719
Cash and bank balances	5,615,329	4,818,857
<b>Total current assets</b>	<b>58,578,819</b>	<b>66,648,934</b>
<b>TOTAL ASSETS</b>	<b>274,355,513</b>	<b>275,817,890</b>
<b>Equity and Liabilities</b>		
<b>Capital and reserve</b>		
Issued capital	26,412,210	26,412,210
Share premiums	2,182,283	2,182,283
Reserves	54,506,299	51,703,274
Retained earnings	47,230,089	51,043,869
<b>Total Equity</b>	<b>130,330,881</b>	<b>131,341,636</b>
<b>Non-current liabilities</b>		
Borrowings	36,104,275	32,717,008
Long term finance leases and other interest-bearing liabilities	84,588	-
Deferred tax liabilities	10,468,240	10,468,240
Deferred income	19,939,642	18,241,316
<b>Total non-current liabilities</b>	<b>66,596,745</b>	<b>61,426,564</b>
<b>Current liabilities</b>		
Trade and other payables	26,896,495	38,522,615
Borrowings	45,337,135	39,638,890
Short term finance leases and other interest-bearing liabilities	1,107,270	193,801
Deferred income	2,293,920	2,344,463
Other liabilities	1,793,067	2,349,921
<b>Total current liabilities</b>	<b>77,427,887</b>	<b>83,049,690</b>
<b>Total liabilities</b>	<b>144,024,632</b>	<b>144,476,254</b>
<b>Total equity and liabilities</b>	<b>274,355,513</b>	<b>275,817,890</b>

**CHAIRMAN OF THE BOARD: HUNG CHING LING**  
Signature\_\_\_\_\_

*PREPARED BY,*  
**FINANCIAL MANAGER: ZAINESCU VIORICA**  
Signature\_\_\_\_\_

**GENERAL MANAGER: ANDREI RADU**  
Signature\_\_\_\_\_

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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

	<b>Issued capital</b>	<b>Share premiums</b>	<b>Revaluation reserves</b>	<b>Legal reserves</b>	<b>Other reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>01 January 2017</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>42,349,946</b>	<b>3,635,090</b>	<b>8,521,262</b>	<b>47,230,089</b>	<b>130,330,881</b>
Realised revaluation reserve	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	(2,007,328)	(2,007,328)
Net profit of the period	-	-	-	-	-	3,018,083	3,018,083
Corrections	-	-	-	-	-	-	-
Transfers between capital accounts	-	-	(2,803,025)	-	-	2,803,025	-
<b>30 September 2017</b>	<b>26,412,210</b>	<b>2,182,283</b>	<b>39,546,922</b>	<b>3,635,090</b>	<b>8,521,262</b>	<b>51,043,869</b>	<b>131,341,636</b>

Thinking forward

CHAIRMAN OF THE BOARD  
HUNG CHING LING

Signature \_\_\_\_\_

FINANCIAL MANAGER  
ZAINESCU VIORICA

Signature \_\_\_\_\_

GENERAL MANAGER  
ANDREI RADU

Signature \_\_\_\_\_

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**

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**NET SALES**

	<u>30-Sept-16</u>	<u>30-Sept-17</u>
	RON	RON
Sales of finished goods	90,909,078	107,110,106
Sales of commodities	41,133,436	39,341,035
Services rendered	227,779	247,057
Other sales	2,180,668	2,555,617
<b>Total</b>	<b><u>134,450,961</u></b>	<b><u>149,253,815</u></b>

**INVESTMENT INCOME**

	<u>30-Sept-16</u>	<u>30-Sept-17</u>
	RON	RON
Income from renting investment property	1,883,804	2,147,216
Income from interest on bank deposits	10,989	2,265
Dividends received from participations	4,076,644	1,157,997
<b>Total</b>	<b><u>5,971,437</u></b>	<b><u>3,307,478</u></b>

**OTHER GAINS AND LOSSES**

	<u>30-Sept-16</u>	<u>30-Sept-17</u>
	RON	RON
Income from penalties charged	6,021	663,460
Gain / (Loss) on disposal of plants and property	-	(424,790)
Gain / (Loss) on disposal of investment property	(9,240)	511,327
FOREX gain / (loss)	1,238,805	(728,215)
Gain / (Loss) from financial investment disposal	-	(1,020)
Gain / (Loss) on changes of provisions	25,412	20,105
Other gains	25,936	77,284
Other losses	-	-
<b>Total</b>	<b><u>1,286,934</u></b>	<b><u>118,151</u></b>

**RAW MATERIALS AND CONSUMABLES USED**

	<u>30-Sept-16</u>	<u>30-Sept-17</u>
	RON	RON
Raw materials	48,961,388	57,282,103
Commodities sold	40,337,584	38,742,051
Energy and water	6,130,914	7,207,547
Expenses with consumables	3,714,771	3,486,994
<b>Total</b>	<b><u>99,144,656</u></b>	<b><u>106,718,694</u></b>

**DEPRECIATION AND AMORTIZATION EXPENSES**

	<u>30-Sept-16</u>	<u>30-Sept-17</u>
	RON	RON
<b>Total amortization expenses,</b>	9,756,944	8,006,905
<b>Of which:</b>		

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**

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Depreciation of fixed assets	9,702,022	7,915,797
Amortization of intangible assets	54,922	91,108
<b>Total</b>	<b>9,756,944</b>	<b>8,006,905</b>

**EXPENSES WITH SALARIES AND SOCIAL SECURITY SERVICES**

	<b>30-Sept-16</b>	<b>30-Sept-17</b>
	<b>RON</b>	<b>RON</b>
Salaries	16,364,084	19,875,095
Social contributions	3,934,886	4,811,368
Meal tickets	791,451	932,783
<b>Total</b>	<b>21,090,421</b>	<b>25,619,246</b>

**NET FINANCE COST**

	<b>30-Sept-16</b>	<b>30-Sept-17</b>
	<b>RON</b>	<b>RON</b>
Bank interest and leases expenses	1,352,638	1,162,844
Bank commissions and assimilated charges	239,262	123,480
<b>Total</b>	<b>1,591,900</b>	<b>1,286,324</b>

**OTHER EXPENSES**

	<b>30-Sept-16</b>	<b>30-Sept-17</b>
	<b>RON</b>	<b>RON</b>
Expenses with transport and logistics	3,487,901	3,603,291
Other expenses with third party services	3,705,894	4,166,965
Protocol and marketing	449,822	388,333
Expenses with repairs	625,359	655,818
Taxes and levies	511,105	668,401
Losses from receivables	5,282	16,338
Expenses with insurances	238,790	226,587
Expenses with postal charges and telecommunications	104,125	107,174
Expenses with travels	98,705	97,979
Expenses with rents	330,218	151,325
Expenses with commissions and fees	11,312	7,427
Expenses with fines and penalties	13,438	2,745
Other expenses	491,926	125,730

<b>Total</b>	<b>10,073,877</b>	<b>10,218,113</b>
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**PROFIT TAX**

	<b>30-sept-16</b>	<b>30-sept-17</b>
	<b>RON</b>	<b>RON</b>
Current profit tax expense	447,239	454,402
Deferred profit tax expense	-	-
<b>Total</b>	<b>447,239</b>	<b>454,402</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

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

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	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
	RON	RON	RON	RON	RON	RON
<b>COST</b>						
<b>Balance as at January 01, 2017</b>	<b>48,123,284</b>	<b>19,401,581</b>	<b>108,762,199</b>	<b>1,316,557</b>	<b>8,118,629</b>	<b>185,722,251</b>
Additions	0	2,004,217	2,751,414	110,762	4,563,000	9,429,393
Disposals	(2,246,453)	-	(153,923)	(64,566)	(4,866,575)	(7,331,517)
<b>Balance as at September 30, 2017</b>	<b>45,876,831</b>	<b>21,405,798</b>	<b>111,359,690</b>	<b>1,362,753</b>	<b>7,815,054</b>	<b>187,820,127</b>
	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
	RON	RON	RON	RON	RON	RON
<b>CUMULATED DEPRECIATION</b>						
<b>Balance as at January 01, 2017</b>	-	-	<b>(38,050,37)</b>	<b>(665,967)</b>	-	<b>(38,716,339)</b>
Expenses with depreciation	-	(1,302,657)	(6,533,601)	(79,539)	-	(7,915,798)
Decrease from sale of assets	-	-	121,683	64,567	-	186,250
<b>Balance as at September 30, 2017</b>	<b>-</b>	<b>(1,302,657)</b>	<b>(44,462,29)</b>	<b>(680,940)</b>	<b>-</b>	<b>(46,445,888)</b>
<b>NET BOOK VALUE as at September 30, 2017</b>	<b>45,876,831</b>	<b>20,103,141</b>	<b>66,897,400</b>	<b>681,814</b>	<b>7,815,054</b>	<b>141,374,239</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
 (all amounts are expressed in lei, unless specified otherwise)  
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**INVESTMENT PROPERTY**

**Balance as at  
January 01, 2017** **45,680,013**

Total additions, out of which: -  
 Revaluation increases -  
 Disposal, of which: (312,826)  
 Revaluation decreases -

**Balance as at  
September 30, 2017** **45,367,187**

**INTANGIBLE ASSETS**

	<b>Licences</b>	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>Cost</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>	<b>RON</b>
<b>Balance as at January 01, 2017</b>	<b>748,032</b>	<b>594,676</b>	-	<b>1,342,708</b>
Additions	25,054	-	-	25,054
Transfers	-	-	-	-
Disposal	(70,893)	(2,209)	-	(73,103)
<b>Balance as at September 30, 2017</b>	<b>702,193</b>	<b>592,467</b>	-	<b>1,294,659</b>
<b>CUMULATED AMORTIZATION</b>				
<b>Balance as at January 01, 2017</b>	<b>(577,853)</b>	<b>(518,453)</b>		<b>(1,096,306)</b>
Expenses with depreciation	(70,933)	(20,175)		(91,108)
Decrease from sale of assets	70,893	2,209		73,103
<b>Balance as at September 30, 2017</b>	<b>(577,893)</b>	<b>(536,419)</b>	-	<b>(1,114,312)</b>
<b>NET BOOK VALUE as at September 30, 2017</b>	<b>124,300</b>	<b>56,048</b>	-	<b>180,348</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**  
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**FINANCIAL ASSETS**

Details on the Company's investments in subsidiaries and associates are presented in the following table:

	<b>Core activity</b>	<b>Place of establishment and operations</b>	<b>%</b>	<b>30.Sept. 2017 RON</b>
RECYPLAT LTD CIPRU	Business and other management consultancy activities	Nicosia	100.00%	20,261,120
ROMCARBON DEUTSCHLAND GmbH	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	Germania	100.00%	110,138
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,980
LIVING JUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99.00%	1,639,232
GRINFILD LTD	Wholesales	Odessa	62.62%	2,687,755
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	25.36%	586,625
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)	The scope of the association is to represent, promote and support the employer and professional interests of its members	Buzau	33.33%	400
YENKI SRL	Activities of sports facilities (NACE code 9311)	Buzau	33.34%	100,000
KANG YANG	Manufacture of products beneficial for human health	Taiwan	4.81%	203,963
BIOTECHNOLOGY CO. LTD	Other financial service activities n.c.a (NACE code 6499)	Cluj	3.79%	5,000
Registrul Miorita SA				
	<b>TOTAL</b>			<b><u>25,611,325</u></b>
	<b>Financial assets impairment</b>			<b><u>(3,364,144)</u></b>
	<b>Net value</b>			<b><u>22,247,181</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**  
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**INVENTORIES**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Raw materials	15,430,998	15,177,303
Consumables	2,592,551	2,452,718
Items of inventory	119,801	103,185
Packaging	181,025	185,404
Finished products	4,257,316	4,359,638
Unfinished products	1,946,570	1,894,886
Semi-finished products	1,878,358	1,769,450
Residual products	2,224	1,752
Commodities	286,154	134,975
Advances for purchases of inventory	231,531	45,517
Provisions for obsolete inventories	(1,258,041)	(1,258,041)
<b>Total</b>	<b>25,668,487</b>	<b>24,866,787</b>

**TRADE AND OTHER RECEIVABLES**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Trade receivables	26,953,550	36,127,015
Provisions for doubtful clients	(1,393,976)	(1,373,871)
Taxes to recover	82,756	302,629
Other receivables	911,423	493,511
Subsidies to receive	-	-
Advances received from clients	-	-
<b>Total</b>	<b>26,553,753</b>	<b>35,549,285</b>

**CASH ON HAND AND AT BANKS**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Cash at banks	5,444,690	4,666,627
Cash on hand	46,765	54,385
Cash equivalents	123,874	97,845
<b>Total</b>	<b>5,615,329</b>	<b>4,818,857</b>

**OTHER CURRENT ASSETS**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Prepaid expenses	89,731	182,175
Advances to services suppliers	204,280	7,544
<b>Total</b>	<b>294,011</b>	<b>189,719</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**  
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**ISSUED CAPITAL**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
264,122,096 fully paid ordinary shares (2016: 264,122,096). The value of one share is RON 0.1	26,412,210	26,412,210
<b>Total</b>	<b>26,412,210</b>	<b>26,412,210</b>

**RESERVES**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Legal reserves	3,635,090	3,635,090
Other reserves	8,521,262	8,521,262
Revaluation reserves	42,349,947	39,546,922
<b>Total</b>	<b>54,506,299</b>	<b>51,703,274</b>

**BORROWINGS**
**Borrowings – short-term**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
BRD – Credit line Euro	11,061,421	10,113,071
BRD-Investment loan (I)(Eur)	2,386,107	1,006,909
BRD- Investment loan (II)(Eur)	331,001	550,733
BRD- Investment loan (III)(Eur)	2,045,545	2,071,671
UniCredit- Investment loan (I)(Lei)	401,684	499,579
UniCredit- Investment loan (II)(Lei)	156,250	306,263
UniCredit- Investment loan (III)(Eur)	-	224,953
UniCredit- Investment loan (IV)(Lei)	1,022,779	1,077,879
UniCredit- Investment loan (V)(Lei)	-	195,010
UniCredit- Credit line (Eur)	15,488,569	20,798,419
UniCredit- Credit line (Eur)	10,441,801	-
UniCredit- Investment loan - CCE 2015(Eur)	978,228	1,770,653
Eximbank- Investment loan (Lei)	1,023,750	1,023,750
<b>Total</b>	<b>45,337,135</b>	<b>39,638,890</b>

**Borrowings – long-term**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
BRD- Investment loan (I)(Eur)	397,684	-
BRD- Investment loan (II)(Eur)	2,742,577	2,346,598
BRD- Investment loan (III)(Eur)	8,352,642	6,905,570
UniCredit- Investment loan - CCE 2015(Eur)	12,497,121	11,066,215
UniCredit- Investment loan (I)(Lei)	2,789,316	2,414,631
UniCredit- Investment loan (II)(Lei)	626,948	918,789
UniCredit- Investment loan (III)(Eur)	-	674,859
UniCredit- Investment loan (IV)(Lei)	4,091,112	3,503,106
UniCredit- Investment loan (V)(Lei)	-	1,048,177
Eximbank- Investment loan (Lei)	4,606,875	3,839,063
<b>Total</b>	<b>36,104,275</b>	<b>32,717,008</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
 (all amounts are expressed in lei, unless specified otherwise)  
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**OTHER LIABILITIES**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Liabilities to employees	829,684	1,017,844
Liabilities related to social contributions	719,629	783,316
Other tax liabilities	243,754	548,761
Payable interests	-	-
<b>Total</b>	<b>1,793,067</b>	<b>2,349,921</b>

**TRADE PAYABLES AND OTHER PAYABLES**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Trade payables	25,961,111	35,076,688
Other payables	81,133	2,220,677
Suppliers invoices not received	694,669	999,258
Advances from clients	159,582	225,992
<b>Total</b>	<b>26,896,495</b>	<b>38,522,615</b>

**FINANCE LEASE OBLIGATIONS**

	<b>01-Jan-17</b>	<b>30-Sept-17</b>
Amounts due within one year	1,107,270	193,801
Amounts due in more than one year	84,588	-
<b>Total</b>	<b>1,191,858</b>	<b>193,801</b>

**Thinking  
forward**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
**(all amounts are expressed in lei, unless specified otherwise)**  
**This is a free translation from Romanian original version**

**RELATED PARTY TRANSACTIONS**

Company	Sales of goods and services		Purchases of goods and services		Receivables from related parties		Payables to related entities	
	9 Months 2016	9 Months 2017	9 Months 2016	9 Months 2017	31.12 2016	30.09 2017	31.12 2016	30.09 2017
ECO PACK MANAGEMENT SRL	44,966	0	0	0	0	0	0	0
INFO TECH SOLUTION SRL	16,717	17,162	384,084	299,887	0	0	46,388	100,961
LIVING JUMBO INDUSTRY SA	16,082,250	25,563,343	925,286	904,999	8,127,914	9,714,288	391,502	192,466
NEXT ECO RECICLYNG S.A.*	64,893	0	74,260	0	0	0	0	0
ROMCARBON DEUTSCHLAND	0	0	33,476	0	0	0	0	0
RC ENERGO INSTALL SRL	69,570	67,286	2,086,018	1,360,875	0	0	132,499	246,402
TAIPEI CIMEO SRL	0	0	0	0	0	0	0	0
YENKI SRL BUZAU	1,774	12,678	0	0	0	0	0	0
<b>TOTAL</b>	<b>16,280,170</b>	<b>25,660,469</b>	<b>3,503,124</b>	<b>2,565,761</b>	<b>8,127,914</b>	<b>9,714,288</b>	<b>570,389</b>	<b>539,829</b>

**Note :** Next Eco Reciclyng SA was an affiliate of Romcarbon SA until July 2016. In the above table are presented only the tranzactions for the period 01.01-30.06.2016.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2017**  
 (all amounts are expressed in lei, unless specified otherwise)  
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**Financial Ratios**

In the reporting period the company registered the following ratios.

**1 Profitability**

Nr.Crt.	Indicator	Formula	30.09.2016	31.12.2016	30.09.2017
a)	EBITDA to Turnover	$\frac{\text{EBITDA}}{\text{Turnover}} \times 100$	8.55%	7.37%	6.64%
b)	EBITDA to Total Equity	$\frac{\text{EBITDA}}{\text{Total Equity}} \times 100$	8.84%	10.25%	7.66%
c)	Gross profit ratio	$\frac{\text{Gross profit}}{\text{Turnover}} \times 100$	3.55%	2.33%	1.69%

**2 Liquidity Analysis**

Nr.Crt.	Indicator	Formula	30.09.2016	31.12.2016	30.09.2017
a)	Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.71	0.76	0.80
b)	Quick ratio	$\frac{\text{Current assets less Inventories}}{\text{Current liabilities}}$	0.41	0.43	0.50

**3 Risk Analysis**

Nr.Crt.	Indicator	Formula	30.09.2016	31.12.2016	30.09.2017
a)	Non-current liabilities to Equity	$\frac{\text{Non-current liabilities}}{\text{Total Equity}}$	0.49	0.51	0.47
b)	Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expenses}}$	4.58	3.42	3.16

**4 Activity Analysis**

Nr.Crt.	Indicator	Formula	30.09.2016	31.12.2016	30.09.2017
a)	Account receivable turnover ratio	$\frac{\text{Average receivable balance}}{\text{Turnover}} \times \text{days}$	61	60	55
b)	Account payable turnover ratio	$\frac{\text{Average payable balance}}{\text{Turnover}} \times \text{days}$	62	57	58

**5 Profitability ratios**

Nr.Crt.	Indicator	Formula	30.09.2016	31.12.2016	30.09.2017
a)	Return on assets (ROA)	$\frac{\text{Net profit}}{\text{Total assets}} \times 100$	1.5898%	1.7873%	1.0942%
b)	Return on equity (ROE)	$\frac{\text{Net profit}}{\text{Equity}} \times 100$	3.3299%	3.7623%	2.2979%
c)	Return on sales (ROS)	$\frac{\text{Net profit}}{\text{Turnover}} \times 100$	3.2193%	2.7062%	1.9934%



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forward**

**Note:** *The Financial Statements for the period ended September 30, 2017 have not been audited.*

**CHAIRMAN OF THE BOARD  
HUNG CHING LING**

**Signature** \_\_\_\_\_

**PREPARED BY,  
FINANCIAL MANAGER  
ZAINESCU VIORICA**

**Signature** \_\_\_\_\_

**GENERAL MANAGER**

**ANDREI RADU**

**Signature** \_\_\_\_\_

**ROMCARBON SA**

Buzau, 132 Transilvaniei street

Postal code 120012

Phone : +40(0)238 711 155

Fax: +40(0)238 710 697

[investor.relations@romcarbon.com](mailto:investor.relations@romcarbon.com)