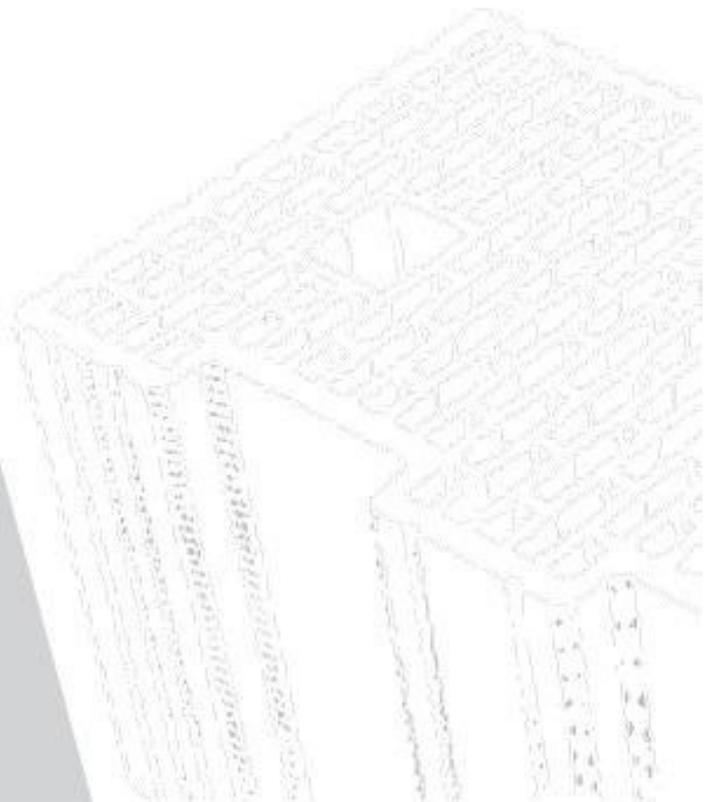


# BSE Report 1<sup>st</sup> Quarter Results 2018

Cluj – Napoca  
May 10<sup>th</sup> 2018



## 1 Quarter 2018 Performance

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- ☑ **9,35 million lei operational profit (EBITDA)**
- ☑ **6,18 million lei Net Profit**
- ☑ **21,49 million lei Gross Turnover with 86% greater than 1<sup>st</sup> Q 2017**

## Statement of the General Manager

---

*The first quarter brought us the benefits of differentiation and product innovation efforts since 2013; even in the off-season, sales performance and profitability are consistently above the similar results of previous years: gross turnover 86% more than in the first quarter of 2017 and operating profit over 4 times higher.*

*Now that the business is financially and commercially sound and operates with the best profitability in the industry, I realize that in case debt restructuring had not happened, 5-6 years ago, this company important in the local business ecosystem would have gone bankrupt and, thus, all stakeholders -shareholders, banks, employees, suppliers had lost significant value.*

*In 2018, Cemacon will have a turnover of 120 million lei and a net profit of at least 11 million, with over 200 employees and operating 2 production facilities operating at capacity. The effects of bank debt restructuring, which have accrued as a result of building the largest ceramic brick factory in the country, an investment started before the crisis and inaugurated in full collapse of the demand for building materials in 2010, ie rebalancing the balance sheet and recapitalizing the company contributed to transforming Cemacon into the second player in the market and in one of the most performing and solid companies in Romania.*

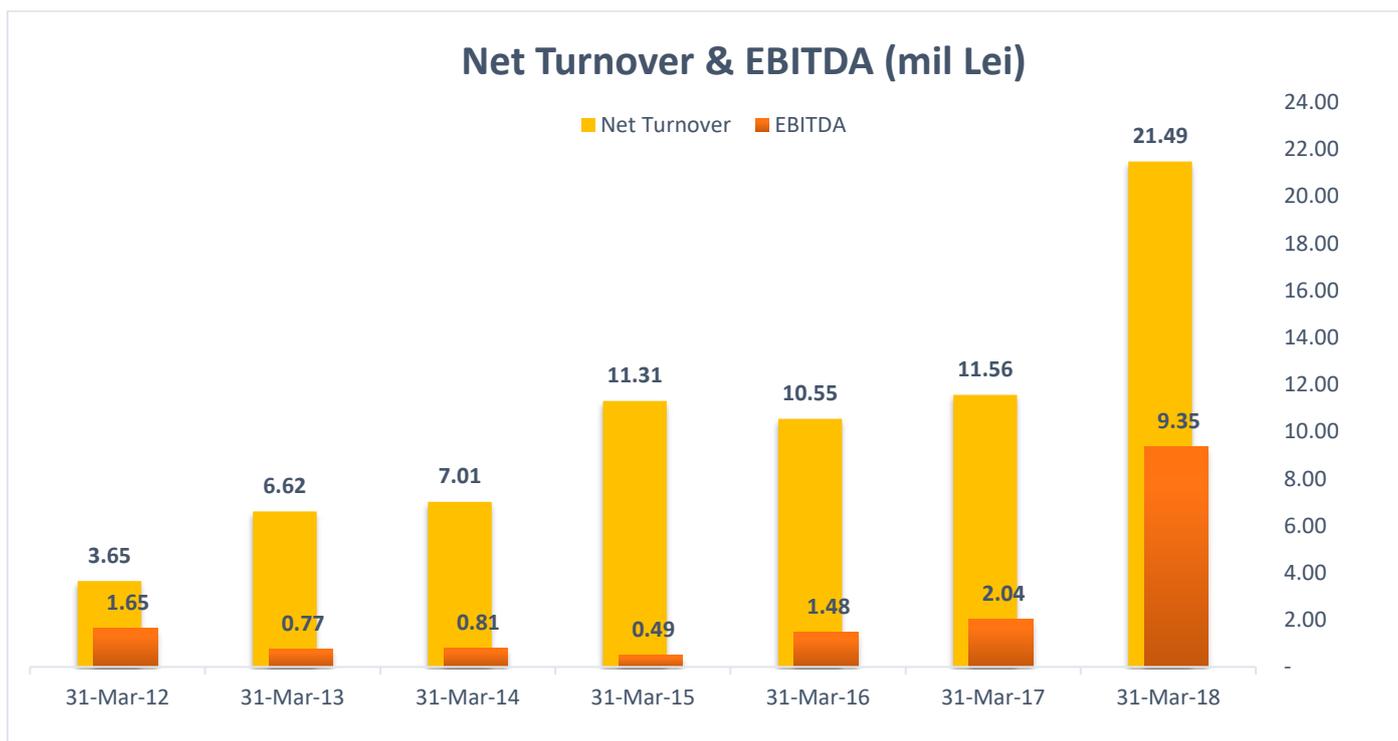
*Thus, the performance of the past years is the effect of trust that shareholders, banks, clients and suppliers have had in management and in our team.*

*The company's constant and consistent performance is reflected also by the increase in capitalization on the Bucharest Stock Exchange: the value doubled during the last 15 months.*

*Thus, I can say with solid arguments that Cemacon's entire turn-around process, a benchmark for the Romanian market, was a win-win, in which all the participating parties, the bank, the shareholders, the employees, the suppliers benefited reported to the period of 2011-2012.*

*Then, considering the favorable market context and the company's capabilities, we have reason to believe that including 2019 will be a year of growth and record performance for Cemacon. "*

**Profit and loss Account – 1<sup>st</sup> Quarter 2018**



In a good market context, the company recorded an 86% increase in turnover compared to the same period of 2017, exceeding 21,000,000 lei. Compared to 2017, the share of revenues from ceramic blocks and merchandise remained similar to that of the previous period.

Changes in inventory revenues recorded lower values than in the previous period due to the gap between the quantities produced and sold in Quarter 1 2018. The increase recorded for other operating income is marked by the increase in the price of EUA certificates received free of charge. Amounts related to other gains or losses represent the cancellation of provisions made in the previous year.

Expenditure on raw materials and materials has grown by 30% as a result of the 5% increase in the quantity produced compared to the same period of the previous year, productivity marked by investments started at the end of 2017 and put into operation in the first quarter of the year 2018 as well as by a generalized increase in the purchase price for raw materials, materials and fuel generated by the current economic context.

Wage expenditures recorded a 22% increase over the previous year due to a 6% increase in the number of employees compared to the same period in 2017 as well as due to the legislative changes in the wage field implemented at the end of 2017 with effect from January 1, 2018. Operating expenses decreased 8% compared to the previous period from last year.

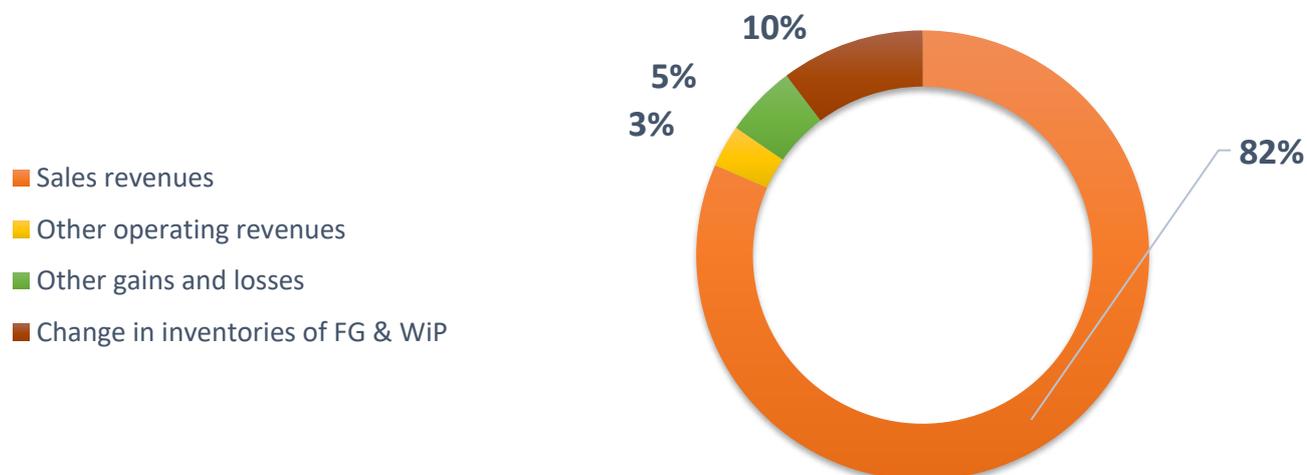
For the period ended **March 31, 2018 CEMACON** has an **operating profit (EBITDA) of 9,346,597 lei** and a **net profit of 6,182,307 lei**.

	31-Mar-18 LEI	31-Mar-17 LEI	2018 vs 2017 LEI	2018 vs 2017 %
<b>Net Turnover</b>	<b>21,486,011</b>	<b>11,562,921</b>	<b>9,923,090</b>	<b>86%</b>
<b>Gross Turnover</b>	<b>22,756,626</b>	<b>12,100,323</b>	<b>10,656,303</b>	<b>88%</b>
<b>Sales revenues</b>	<b>21,486,011</b>	<b>11,562,797</b>	<b>9,923,214</b>	<b>86%</b>
Other operating revenues	801,806	455,630	346,176	76%
Other gains and losses	1,352,514	1,155,445	197,069	17%
Change in inventories of FG & WiP	2,707,166	4,385,203	(1,678,037)	-38%
Raw material and consumables used	(4,977,093)	(3,829,786)	(1,147,307)	30%
Personnel Expenses	(5,421,838)	(4,446,904)	(974,934)	22%
Other operating expenses	(6,808,510)	(7,433,257)	624,747	-8%
<b>EBITDA</b>	<b>9,346,597</b>	<b>2,044,213</b>	<b>7,302,384</b>	<b>357%</b>
Depreciation and amortisation expenses	(1,756,683)	(1,533,648)	(223,035)	15%
<b>EBIT</b>	<b>7,589,914</b>	<b>510,565</b>	<b>7,079,349</b>	<b>1387%</b>
Financial income	32,164	36,199	(4,035)	-11%
Financial expenses	(576,862)	(478,283)	(98,579)	21%
<b>Financial result</b>	<b>(544,697)</b>	<b>(442,084)</b>	<b>(102,613)</b>	<b>23%</b>
<b>Profit before tax</b>	<b>6,838,675</b>	<b>(126,606)</b>	<b>6,965,281</b>	<b>-5502%</b>
Income tax expenses	(656,368)	-	(656,368)	100%
<b>Profit after tax</b>	<b>6,182,307</b>	<b>(126,606)</b>	<b>6,308,913</b>	<b>-4983%</b>

\*At the time of presentation of the results for Quarter 1 2018, no other comprehensive income and deferred tax items have been computed.

\*\* EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

### Revenue Structure Q1 2018

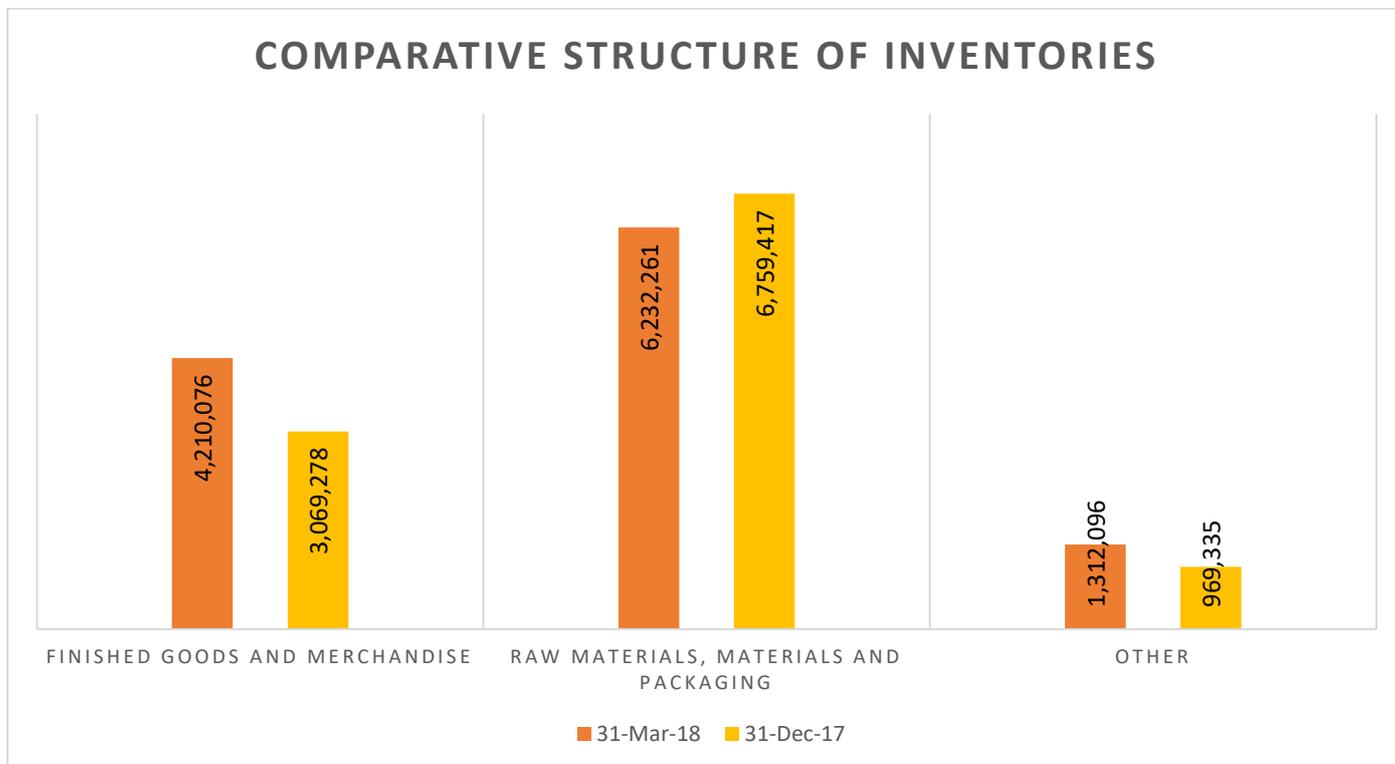


## Statement of financial position – results 31<sup>st</sup> of March 2018

<b>ASSETS</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>	<b>2018 vs 2017</b>	<b>2018 vs 2017</b>
<b>NON-CURRENT ASSETS</b>	<b>LEI</b>	<b>LEI</b>	<b>LEI</b>	<b>%</b>
Property, plant and equipment	124,425,345	121,601,156	2,824,189	2%
Intangible	527,127	418,124	109,004	26%
Investments	200	200	-	0%
Other non-current assets	1,047,915	1,039,555	8,360	1%
<b>NON-CURRENT ASSETS TOTAL</b>	<b>126,000,587</b>	<b>123,059,035</b>	<b>2,941,552</b>	<b>2%</b>
<b>CURRENT ASSETS</b>				
Inventories	11,754,433	10,798,030	956,403	9%
Trade and other receivables	13,798,452	11,739,027	2,059,425	18%
Cash and cash equivalents	29,709,322	34,498,549	(4,789,227)	-14%
<b>CURRENT ASSETS TOTAL</b>	<b>55,262,207</b>	<b>57,035,606</b>	<b>(1,773,399)</b>	<b>-3%</b>
<i>Assets classified as held for sale</i>	<i>1,766,551</i>	<i>1,277,495</i>	<i>489,056</i>	<i>38%</i>
<b>TOTAL ASSETS</b>	<b>183,029,345</b>	<b>181,372,136</b>	<b>1,657,209</b>	<b>1%</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10,275,034	13,026,584	(2,751,550)	-21%
Loans and borrowings	5,798,258	6,724,373	(926,115)	-14%
Tax liability	656,368	106,946	549,422	514%
Provisions	3,060,547	4,412,809	(1,352,262)	-31%
<b>CURRENT LIABILITIES TOTAL</b>	<b>19,790,207</b>	<b>24,270,712</b>	<b>(4,480,505)</b>	<b>-18%</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current trade and other liabilities	-	-	-	0%
Loans and borrowings	44,228,913	44,254,596	(25,683)	0%
Grants received	1,064,285	1,083,195	(18,910)	-2%
Deferred tax	1,539,770	1,539,770	-	0%
Provisions	945,520	945,520	-	0%
<b>NON-CURRENT LIABILITIES TOTAL</b>	<b>47,778,488</b>	<b>47,823,081</b>	<b>(44,594)</b>	<b>0%</b>
<b>TOTAL LIABILITIES</b>	<b>67,568,694</b>	<b>72,093,793</b>	<b>(4,525,099)</b>	<b>-6%</b>
<b>NET ASSETS</b>	<b>115,460,650</b>	<b>109,278,343</b>	<b>6,182,307</b>	<b>6%</b>
<b>EQUITY</b>				
Issued capital	20,613,371	20,613,371	-	0%
<b>TOTAL EQUITY</b>	<b>115,460,650</b>	<b>109,278,343</b>	<b>6,182,307</b>	<b>6%</b>

The 2% increase in fixed assets as of December 31, 2017 is determined by the commissioning of the assets acquired during the period and partially compensated by the depreciation recorded during the period and the reclassification of some non-productive assets as being held for sale in the amount of 489,056 lei.

Current assets declined by 3% compared to the end of 2017.



Receivables increased by 18% as a result of the business activity carried out during the period (86% higher than in the same period of the previous year); Cash and cash equivalents decreased by 14% as a result of the operational and investment activity in the period.

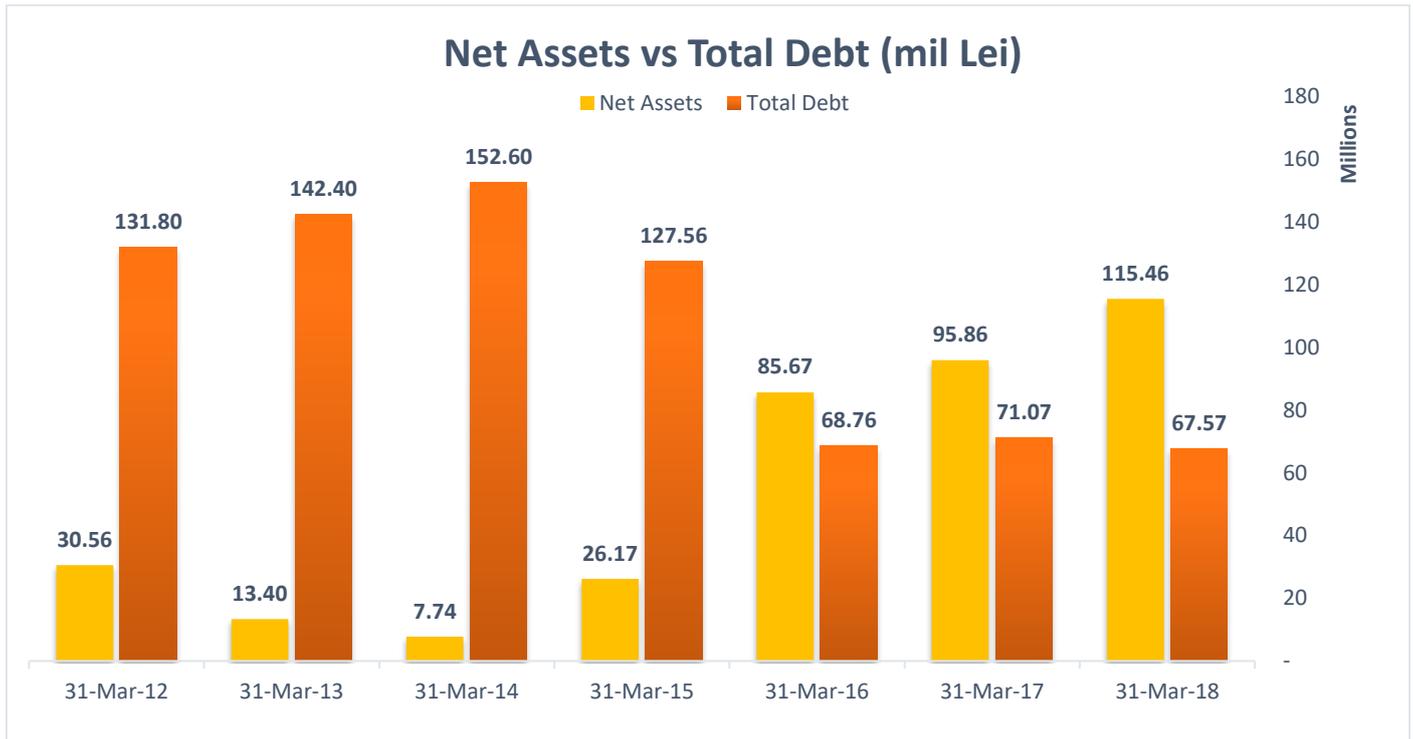
Commercial debts declined by 21% as of December 31, 2017.

Bank debts and loans recorded a 2% decrease as compared to the end of 2017, a change caused both by contracting financial leasing for the implementation of the approved investment programs for 2017-2018 and by the reduction of the bank loan by repayment of principal and interest rates according to the repayment schedule, being no interruptions or delays in this process.

Current corporate income tax liabilities increased significantly due to positive financial results at the end of Quarter 1 2018. Short-term provisions decreased due to the cancellation of provisions made in the previous year.

The share capital did not change, the increase from equity is generated by the result obtained during the period.

For the period ended **31<sup>st</sup> March 2018**, the **net assets** of the company **recorded a 6% increase** as compared to the end of 2017, **exceeding 115,460,000 lei**



## Main Financial Ratios

Main financial ratios	31-Mar-18	31-Mar-17
1. Current liquidity indicator	2.88	2.42
2. Leverage indicator	43%	56%
3. Turnover speed for client debit items (days)	53	78
4. Turnover speed for total assets	17%	10%

## Consolidated Results of the CEMACON Group

Information on the presentation of the CEMACON SA Group:

CEMACON SA is a Romanian legal entity founded as a joint stock company based on Government Decision no.1200/1991 with its registered office in Cluj-Napoca, no. 48 Dorobantilor Street, Silver Business Center building, 1st floor, Cluj county. The company's main object of activity is "Manufacture of bricks, tiles and other construction products made from burnt clay"

SC CEMACON Real Estate Company was founded as a result of the agreement signed by SC CEMACON SA and the Romanian Commercial Bank in order to take over part of the liabilities and assets, according to the reorganization process. The individual financial statements of SC CEMACON Real Estate Company are prepared in accordance with Order of the Minister of Public Finance 1802/2012.

The financial statements of the controlled branch have been prepared for the same reporting period as those of the parent company, using the same accounting policies. The International Financial Reporting Standards (IFRS) have been applied when preparing the consolidated financial statements.

Even if the financial statements of SC CEMACON Real Estate have been prepared in accordance with Order of the Minister of Public Finance 1802/2012, the necessary adjustments have been made in order to reflect the accounting policies of the parent company with a view to consolidating.

### Consolidated Statement of financial position – Results 31<sup>st</sup> of March 2018

ASSETS	31-Mar-18	31-Dec-17	2018 vs 2017	2018 vs 2017
	LEI	LEI	LEI	%
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	124,425,345	121,601,156	2,824,189	2%
Intangible	527,127	418,124	109,003	26%
Investments	-	-	-	0%
Other non-current assets	1,047,915	1,039,555	8,360	1%
<b>NON-CURRENT ASSETS TOTAL</b>	<b>126,000,387</b>	<b>123,058,835</b>	<b>2,941,552</b>	<b>2%</b>
<b>CURRENT ASSETS</b>				
Inventories	11,754,433	10,798,030	956,403	9%
Trade and other receivables	12,706,284	10,664,137	2,042,147	19%
Cash and cash equivalents	29,717,381	34,526,889	(4,809,508)	-14%
<b>CURRENT ASSETS TOTAL</b>	<b>54,178,098</b>	<b>55,989,056</b>	<b>(1,810,958)</b>	<b>-3%</b>
<i>Assets classified as held for sale</i>	<i>19,493,660</i>	<i>19,238,703</i>	<i>254,957</i>	<i>1%</i>
<b>TOTAL ASSETS</b>	<b>199,672,145</b>	<b>198,286,594</b>	<b>1,385,551</b>	<b>1%</b>

<b>LIABILITIES</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>	<b>2018 vs 2017</b>	<b>2018 vs 2017</b>
<b>CURRENT LIABILITIES</b>	<b>LEI</b>	<b>LEI</b>	<b>LEI</b>	<b>%</b>
Trade and other payables	11,525,966	14,203,788	(2,677,822)	-19%
Loans and borrowings	5,798,258	6,724,373	(926,115)	-14%
Tax liability	656,368	106,946	549,422	514%
Provisions	3,060,547	4,412,808	(1,352,261)	-31%
<b>CURRENT LIABILITIES TOTAL</b>	<b>21,041,139</b>	<b>25,447,915</b>	<b>(4,406,776)</b>	<b>-17%</b>
<b>NON-CURRENT LIABILITIES</b>				
Non-current trade and other liabilities	-	-	-	0%
Loans and borrowings	61,183,533	61,473,144	(289,611)	0%
Grants received	1,064,285	1,083,195	(18,910)	-2%
Deferred tax	1,312,250	1,312,250	0	100%
Provisions	945,520	945,520	-	0%
<b>NON-CURRENT LIABILITIES TOTAL</b>	<b>64,505,588</b>	<b>64,814,109</b>	<b>(308,521)</b>	<b>0%</b>
<b>TOTAL LIABILITIES</b>	<b>85,546,727</b>	<b>90,262,024</b>	<b>(4,715,297)</b>	<b>-5%</b>
<b>NET ASSETS</b>	<b>114,125,419</b>	<b>108,024,569</b>	<b>6,100,850</b>	<b>6%</b>
<b>EQUITY</b>				
Issued capital	20,613,371	20,613,371	(0)	0%
<b>TOTAL EQUITY</b>	<b>114,125,419</b>	<b>108,024,569</b>	<b>6,100,850</b>	<b>6%</b>

## Consolidated Profit and Loss Account – Results 1<sup>st</sup> Quarter 2018

	31-Mar-18	31-Mar-17	2018 vs 2017	2018 vs 2017
	LEI	LEI	LEI	%
<b>Sales revenues</b>	<b>21,486,011</b>	<b>11,567,665</b>	<b>9,918,346</b>	<b>86%</b>
Other operating revenues	812,637	485,663	326,974	67%
Other gains and losses	1,374,477	1,155,445	219,032	19%
Change in inventories of FG & WiP	2,707,166	4,385,203	(1,678,037)	-38%
Raw material and consumables used	(4,977,125)	(3,834,677)	(1,142,448)	30%
Personnel Expenses	(5,457,781)	(4,455,756)	(1,002,025)	22%
Other operating expenses	(6,809,330)	(7,453,726)	644,397	-9%
<b>EBITDA</b>	<b>9,342,596</b>	<b>2,044,901</b>	<b>7,297,695</b>	<b>357%</b>
Depreciation and amortisation expenses	(1,756,683)	(1,533,648)	(223,035)	15%
<b>EBIT</b>	<b>7,585,913</b>	<b>511,253</b>	<b>7,074,660</b>	<b>1384%</b>
Financial income	262,413	180,269	82,144	46%
Financial expenses	(880,760)	(738,757)	(142,003)	19%
<b>Financial result</b>	<b>(618,347)</b>	<b>(558,488)</b>	<b>(59,859)</b>	<b>11%</b>
<b>Profit before tax</b>	<b>6,761,025</b>	<b>(242,320)</b>	<b>7,003,345</b>	<b>-2890%</b>
Income tax expenses	(656,368)	-	(656,368)	0%
<b>Profit after tax</b>	<b>6,104,657</b>	<b>(242,320)</b>	<b>6,346,977</b>	<b>-2619%</b>

\*At the time of presentation of the results for Quarter 1 2018, no other comprehensive income and deferred tax items have been computed.

\*\* EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

The report, together with the related documents, can be consulted starting with **10 May 2018 at 9:00** at the company headquarters on Str.Dorobantilor, Nr.48, Cluj-Napoca or electronically on the company's website: [www.cemaccon.ro](http://www.cemaccon.ro) and on the Bucharest Stock Exchange website: [www.bvb.ro](http://www.bvb.ro)

The results presented are prepared in accordance with IFRS and have a preliminary nature, and will be subject to financial auditing in accordance with legal provisions.

*CEMACON SA ranks second in the top of masonry manufacturers in Romania and is the market leader in Transylvania.*

*The company operates the most modern and largest manufacturing capacity in Romania with innovative, differentiated products that bring added value to users, at very competitive production costs.*

*CEMACON SA is a company listed on the Bucharest Stock Exchange and mainly owned by institutional shareholders, Romanian and foreign investment funds; the company management is professional, independent, having strong sector expertise.*

*This document was translated from Romanian to English using automated translating software, for information purposes only. Cemacon SA is not responsible for any translation errors or misinterpretation of information contained in this document. Reporting language is Romanian and in case of misinterpretation the Report issued in Romanian shall apply.*

Cluj-Napoca  
10<sup>th</sup> of May 2018

**INDIVIDUAL FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>ST</sup> OF MARCH 2018**

Prepared according to International Reporting Standards



**CEMACON**

Căramizi inteligente **EVO**CERAMIC

SC CEMACON SA  
Fiscal Code 677858  
Trade Registry Code J12/2466/2012

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**CEMACON SA**

Situatia individuala a pozitiei financiare (*Individual statement of financial position*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

	<b>31-Mar-18</b>	<b>31-Dec-17</b>
	<b>LEI</b>	<b>LEI</b>
<b>ACTIVE (ASSETS)</b>		
<b>Active imobilizate</b>		
<b><i>Non-current assets</i></b>		
Imobilizari corporale <i>Property, plant and equipment</i>	124,425,345	121,601,156
Investitii imobiliare <i>Investment property</i>	-	-
Imobilizari necorporale <i>Intangible</i>	527,127	418,124
Investitii in actiuni <i>Investments</i>	200	200
Alte active imobilizate <i>Other non-current assets</i>	1,047,915	1,039,555
	<b>126,000,587</b>	<b>123,059,035</b>
<b>Active circulante</b>		
<b><i>Current assets</i></b>		
Stocuri <i>Inventories</i>	11,754,433	10,798,030
Creante comerciale si similare <i>Trade and other receivables</i>	13,798,452	11,739,027
Alte active financiare <i>Other financial assets</i>	-	-
Numerar si echivalente numerar <i>Cash and cash equivalents</i>	29,709,322	34,498,549
	<b>55,262,207</b>	<b>57,035,606</b>
Active clasificate drept detinute în vederea vânzării <i>Assets classified as held for sale</i>	<b>1,766,551</b>	<b>1,277,495</b>
<b>TOTAL ACTIVE (TOTAL ASSETS)</b>	<b>183,029,345</b>	<b>181,372,136</b>

**CEMACON SA**

Situatia individuala a pozitiei financiare (*Individual statement of financial position*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

	<b>31-Mar-18</b>	<b>31-Dec-17</b>
	<b>LEI</b>	<b>LEI</b>
<b>DATORII (LIABILITIES)</b>		
<b>DATORII CURENTE</b>		
<b>CURRENT LIABILITIES</b>		
Datorii comerciale si similare	10,275,034	13,026,584
<i>Trade and other payables</i>		
Imprumuturi	5,798,258	6,724,373
<i>Loans and borrowings</i>		
Subventii pentru investitii	-	-
<i>Grants received</i>		
Datorii privind impozitul pe profit	656,368	106,946
<i>Tax liability</i>		
Provizioane	3,060,547	4,412,809
<i>Provisions</i>		
	<b>19,790,207</b>	<b>24,270,712</b>
<hr/>		
Datoriile incluse în grupurile destinate cedării		
Liabilities directly associated with assets in disposal groups classified as held for sale		
<hr/>		
<b>DATORII PE TERMEN LUNG</b>		
<b>NON-CURRENT LIABILITIES</b>		
Datorii comerciale si similare	-	-
<i>Non-current trade and other liabilities</i>		
Imprumuturi	44,228,913	44,254,596
<i>Loans and borrowings</i>		
Subventii pentru investitii	1,064,285	1,083,195
<i>Grants received</i>		
Impozit amanat	1,539,770	1,539,770
<i>Deferred tax</i>		
Provizioane	945,520	945,520
<i>Provisions</i>		
	<b>47,778,488</b>	<b>47,823,081</b>
<hr/>		
<b>TOTAL DATORII (TOTAL LIABILITIES)</b>	<b>67,568,694</b>	<b>72,093,793</b>
<hr/>		
<b>ACTIVE NETE (NET ASSETS)</b>	<b>115,460,650</b>	<b>109,278,343</b>

**CEMACON SA**

Situatia individuala a pozitiei financiare (*Individual statement of financial position*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

	<b>31-Mar-18</b>	<b>31-Dec-17</b>
	<b>LEI</b>	<b>LEI</b>
<b>CAPITAL SI REZERVE (EQUITY)</b>		
Capital social	20,613,371	20,613,371
<i>Issued capital</i>		
Beneficii acordate angajatilor in instrumente de capitaluri proprii	2,024,226	2,024,226
<i>Benefits granted to employees in equity instruments</i>		
Impozit profit amanat	(1,119,534)	(1,119,534)
<i>Deffered Tax</i>		
Actiuni proprii	-	-
<i>Own Shares</i>		
Prime legate de emiterea de actiuni	54,850,347	54,850,347
<i>Share premium</i>		
Ajustari din retratare	-	-
<i>Translation adjustments</i>		
Rezerve din reevaluare aferente active destinate vanzarii	1,139,240	1,139,240
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		
Rezerve	21,899,363	21,899,363
<i>Reserves</i>		
Rezultat reportat	16,053,637	9,871,330
<i>Retained earnings</i>		
<b>Interesele care nu controleaza</b>	-	-
<b><i>Non-controlling interest</i></b>		
<b>TOTAL CAPITALURI (TOTAL EQUITY)</b>	<b>115,460,650</b>	<b>109,278,343</b>

*Toate sumele sunt prezentate in lei, daca nu este specificat altfel / All amounts in Lei, if not otherwise stated*

**CEMACON SA**

Situatia individuala a rezultatului global (*Individual statement of comprehensive income*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>LEI</b>	<b>LEI</b>
<b>Venituri din vanzari</b>		
<b><i>Sales revenues</i></b>	<b>21,486,011</b>	<b>11,562,797</b>
Alte venituri din exploatare	801,806	455,630
<i>Other operating revenues</i>		
Alte castiguri si pierderi	1,352,514	1,155,445
<i>Other gains and losses</i>		
Variatia stocurilor	2,707,166	4,385,203
<i>Change in inventories of FG &amp; WiP</i>		
Materii prime si consumabile	(4,977,093)	(3,829,786)
<i>Raw material and consumables used</i>		
Cheltuieli de personal	(5,421,838)	(4,446,904)
<i>Personnel Expenses</i>		
Amortizare si deprecieri	(1,756,683)	(1,533,648)
<i>Depreciation and amortisation expenses</i>		
Cercetare si dezvoltare	-	-
<i>Research and development</i>		
Alte cheltuieli din exploatare	(6,808,510)	(7,433,257)
<i>Other operating expenses</i>		
<b>Profit / (Pierdere) din exploatare</b>	<b>7,383,373</b>	<b>315,481</b>
<b><i>Profit / (Loss) from operation</i></b>		
Venituri financiare	32,164	36,199
<i>Financial income</i>		
Cheltuieli financiare	(576,862)	(478,283)
<i>Financial expenses</i>		
<b>Rezultat financiar</b>	<b>(544,698)</b>	<b>(442,086)</b>
<i>Financial Result</i>		
<b>Profit / (Pierdere) inainte de impozitare</b>	<b>6,838,675</b>	<b>(126,606)</b>
<i>Profit before tax</i>		
Cheltuieli cu impozite	(656,368)	-
<b>Profit / (Pierdere)</b>	<b>6,182,307</b>	<b>(126,606)</b>
<b><i>Profit after tax</i></b>		

**CEMACON SA**

Situatia individuala a rezultatului global (*Individual statement of comprehensive income*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	<b>LEI</b>	<b>LEI</b>
Total alte elemente ale rezultatului global	-	-
<i>Total other elements of other comprehensive income</i>		
<hr/>		
<b>Total rezultat global</b>	<b>6,182,307</b>	<b>(126,606)</b>
<b><i>Comprehensive income total</i></b>		

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*Toate sumele sunt prezentate in lei, daca nu este specificat altfel / All amounts in Lei, if not otherwise stated*

## CEMACON SA

Note la situatiile financiare individuale (Notes to individual financial statements)  
pentru perioada incheiata la 31 Martie 2018 (for the period ended 31 Martie 2018)

### 1. Accounting policies

The accounting policies of the company are aligned with the international financial reporting standards (IFRS). A detail of them can be found in the individual financial statements at 31.12.2017.

### 2. Accounting Estimates

Entity make certain estimates and assumptions concerning the future. Estimates and judgements are assessed continuously on the basis of the experience historical and other factors, including expectations regarding future events deemed to be reasonable in the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In the table below are estimates made by the company by 31 March 2018:

<b>Value estimated at the end of the reporting period</b>	<b>31.Mar.18</b>
Provisions regarding employees and administrators	3,147,938
Payment on the basis of shares	2,024,226
Deffered Tax	1,539,770
Provision of environmental restoration	531,011
Other provisions	247,037
Increased litigation	80,081
<b>Total estimated value</b>	<b>7,570,063</b>

*All amounts are in lei, if it is not otherwise presented*

### 3. Revenues

<b>Sale revenues</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Sales of finished goods	20,227,995	10,747,626
Sales of goods	2,436,350	1,317,868
Revenues from services rendered	92,281	34,706
Trade discounts granted	(1,064,074)	(342,319)
Financial discounts granted	(206,541)	(195,084)
Rental income	-	-
<b>Total</b>	<b>21,486,011</b>	<b>11,562,797</b>

*All amounts are in lei, if it is not otherwise presented*

The main income of the entity in the year 2018 were comprised of selling finished products 20.22 million, selling merchandise 2.43 million lei and services rendered 0.09 million lei, while the amount of commercial and financial discounts has been of 1.27 million lei.

Due to the specifics of activity during the year 2018 the company carried out "Bill and Hold" sales. These sales have respected the principles of recognition of revenue for sale of finished goods, as a result of the application of this type of politics, moreover products have been delivered to customers, on average, within a period of 60 days and have cashed in timelines media collection, which were in the year 2018, depending on the type of customer, between 30 and 60 days.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 4. Other operational revenues

Other operational revenues are generated from activities that are not part of the general subject of activity of the entity, which is why they are presented differently from income from sales.

<b>Other operational revenues</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Revenue from various services	-	123
Income from compensation	9,967	10,503
Income from subsidies for assets	18,910	18,910
Miscellaneous	772,929	426,094
<b>Total</b>	<b>801,806</b>	<b>455,630</b>

*All amounts are in lei, if it is not otherwise presented*

In the various categories, the income related to the receipt and revaluation of the debt at the date of the compliance with the greenhouse gas certificates in the amount of 0.76 million lei, as well as revenues from the sale of scrap metal resulted from the scrapping in the amount of 0.01 million lei.

In 2010, the company received a subsidy for investments amounting to 1.6 million lei, and in 2018 the company recognized as income for these subsidies the amount of 0.018 million lei. Subsidy income is recognized as amortization of the fixed assets it refers to.

The recognized grant refers to the 15% grant from the amount of credit received by the company from EBRD sources for the energy efficiency project started in 2009 with the realization of the new brick factory in Recea.

<b>Other gains and losses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income from the sale of assets	252	77,751
Expenses from the sale of assets	-	(80,970)
Revenue from the cancellation of provisions	1,352,262	1,158,664
From setting-up provisions	-	-
<b>Gains and losses Total</b>	<b>1,352,514</b>	<b>1,155,445</b>

*All amounts are in lei, if it is not otherwise presented*

Income from reversals of provisions amounted 1.35 million lei (for more details see Note 20 "Provisions").

## CEMACON SA

Note la situatiile financiare individuale (Notes to individual financial statements)  
pentru perioada incheiata la 31 Martie 2018 (for the period ended 31 Martie 2018)

### 5. Operating expenses

<b>Other operating expenses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Utilities	2,266,886	2,335,294
Repairs	299,904	278,146
Rent	186,406	194,196
Insurance	202,393	289,249
Personal training	20,060	-
Commissions	162,528	130,324
Advertising	59,441	460,959
Travel and transport	2,367,385	2,329,596
Post and telecommunications	34,576	31,515
Other services provided by third parties	425,913	701,810
State budget taxes	487,748	400,511
Miscellaneous	295,270	281,657
<b>Total</b>	<b>6,808,510</b>	<b>7,433,257</b>

All amounts are in lei, if it is not otherwise presented

### 6. Personnel Expenses

Since 2014, the company has implemented a comprehensive employee performance management system. The performance management system in Cemacon is based on the Balanced Scorecard methodology and is implemented in a 100% proportion at the individual level of each employee. Individual targets are set by cascading Cemacon annual targets at department / sub-department / person level.

The level of achievement of objectives is evaluated periodically, following the assessment of the employees receiving a monthly / quarterly and annual performance bonus proportional to the outcome of the assessment and the overall performance of the company.

<b>Wages without key management</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Wages	2,556,028	1,832,305
Bonuses	2,137,913	1,430,687
Civil contracts	-	-
Taxes and social contributions	105,744	769,205
Other benefits	170,415	158,601
<b>Total</b>	<b>4,970,100</b>	<b>4,190,798</b>

<b>Wages to be paid at the end of the period</b>	<b>582,555</b>	<b>457,001</b>
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All amounts are in lei, if it is not otherwise presented

### Key management

Key management is made up of those individuals who have the authority and responsibility to plan, manage and control the entity's activities.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

a) *Allowances for members of the administrative, management and supervisory bodies.*

<b>Indemnities Expenses:</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Administrators	185,327	69,243
Remuneration directors	256,403	140,054
Bonuses to directors	0	0
Shares based payment	0	0
Taxes and contributions	10,008	46,809
<b>Total</b>	<b>451,738</b>	<b>256,106</b>

<b>Payment of Wages at the end of the period:</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Administrators	37,141	19,977
Directors	23,904	10,678
<b>Total</b>	<b>61,045</b>	<b>30,655</b>

*All amounts are in lei, if it is not otherwise presented*

In the first three months of the year 2018 the company had 2 executives: CEO – Stoleru Liviu-Ionel, CFO - Sologon Daniel.

Directors' incomes are composed of monthly remuneration supplemented by the annual bonus calculated on the basis of operating profit.

The current component (starting 28.04.2017) of the CEMACON SA Board of Directors is the following:

1. Mr. Liviu Stoleru;
2. Ms. Dana-Rodica Beju;
3. Ms. Ana Bobirca;
4. Ms. Anca Manitiu;
5. Mr. Rudolf Paul Vizental.

b) *Advances and credits to members of the management, management and supervisory bodies:*

In 2018, no advances and credits were granted to the members of the administrative, management and supervisory bodies.

### Employees

The structure and average number of employees is: 204.

<b>Average number of employees</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Administrative staff	64	58
Personnel in production	140	135
<b>Total</b>	<b>204</b>	<b>193</b>

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 7. Financial Income and expenses

<b>Financial Income</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income from interest	24,983	13,987
Exchange rate differences in income	7,181	22,212
<b>Total</b>	<b>32,164</b>	<b>36,199</b>

*All amounts are in lei, if it is not otherwise presented*

<b>Financial Expenses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest costs	(563,165)	(448,705)
Other financial expenses	-	-
Exchange rate differences	(13,697)	(29,578)
<b>Total</b>	<b>(576,862)</b>	<b>(478,283)</b>

*All amounts are in lei, if it is not otherwise presented*

Financial expenses mainly consist of the following categories: expenses concerning interest 0.56 million lei, expenses relating to exchange rate differences related 0.01 million lei.

Financial revenues are revenues from interest income, 0.024 million lei and from exchange rate differences 0.007 million lei.

The structure of financial expenditure and income from Exchange rate differences for the period January-March 2018 is:

	<b>Reev. Suppliers</b>	<b>Reev. Leasing</b>	<b>Reev. Cash</b>	<b>Total</b>
Expenses relating to exchange rate differences	(2,024)	(2,830)	(8,843)	(13,697)
Revenues relating to exchange rate differences	6,834	347	-	7,181

*All amounts are in lei, if it is not otherwise presented*

### 8. Income Tax Expenses

<b>Current Tax</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income tax expenses for the year profit	656,368	-
Adjustments for previous years profit	-	-
<b>Total current tax</b>	<b>656,368</b>	<b>-</b>

<b>Deffered Tax</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Total Deffered Tax at the beginning of the period	1,539,770	1,262,668
Temporary differences reverted	-	-
Receivables from deffered tax recognition which were not previously recognized	-	-
<b>Total deffered tax</b>	<b>1,539,770</b>	<b>1,262,668</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

In the normal course of business, transactions and calculations are made for which the determination of the final tax is uncertain. As a result, the company recognizes tax-based estimates based on the assurance that additional taxes and interest will be due. These liabilities or receivables are recognized, despite the fact that the entity believes that tax refund is probable, the entity believes that certain positions are probable to be challenged and not to be fully supported by a possible review of the tax authorities.

The Company considers that its tax liability commitments are appropriate for all years of open review, based on the assessment of many factors, including past experience and interpretations of tax legislation.

This assessment is based on estimates and assumptions and may involve a series of complex decisions about future events. To the extent that the final tax outcome of these transactions is different from the amounts recorded, these differences will have an impact on the profit tax expense in the period in which such determination is made.

### 9. Earnings per share

<b>Earnings per share</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Number of shares issued	113,990,218	113,990,218
Total profit / (loss)	6,182,307	(126,606)
<b>Total profit / (loss) per share</b>	<b>0.0542</b>	<b>(0.0011)</b>

*All amounts are in lei, if it is not otherwise presented*

The basic share result was calculated by dividing the profit to the weighted average of ordinary shares outstanding during the period.

For details on the number of shares, see Note 23 - "Social Capital".

### 10. Dividends

In 2018, the company did not grant dividends.

Under the credit agreement No. RQ16086906837361 of December 20, 2016 concluded between Cemacon SA and Cec Bank SA, the dividends can be granted only with the bank's prior consent.

**CEMACON SA**

Note la situatiile financiare individuale *(Notes to individual financial statements)*  
 pentru perioada incheiata la 31 Martie 2018 *(for the period ended 31 Martie 2018)*

**11. Tangible assets**

Gross value of fixed assets 31 March 2018

<b>Tangible assets</b>	<b>Initial balance</b>	<b>Acquisitions</b>	<b>Valuable increases</b>	<b>Revaluation increases</b>	<b>Cessions</b>	<b>Reductions from revaluation</b>	<b>Final balance</b>
Land	5,794,115	-	-	-	(90,490)	-	5,703,625
Land improvement	518,214	-	-	-	-	-	518,214
Construction	38,920,859	-	28,684	-	(398,567)	-	38,550,976
Machines, Installations and Machinery	109,552,843	1,126,699	169,987	-	(45,333)	-	110,804,196
Furniture and Office Equipment	314,662	-	-	-	-	-	314,662
Fixed Assets in Progress	3,055,454	4,834,095	-	-	(1,325,370)	-	6,564,178
Advance payments for tangible assets	797,542	209,263	-	-	(6)	-	1,006,798
<b>Total</b>	<b>158,953,689</b>	<b>6,170,057</b>	<b>198,671</b>	<b>-</b>	<b>(1,859,766)</b>	<b>-</b>	<b>163,462,650</b>

*All amounts in lei unless otherwise stated*

Gross value of fixed assets 31 December 2017

<b>Tangible assets</b>	<b>Initial balance</b>	<b>Acquisitions</b>	<b>Valuable increases</b>	<b>Revaluation increases</b>	<b>Cessions</b>	<b>Reductions from revaluation</b>	<b>Final balance</b>
Land	5,734,626	-	59,489	-	-	-	5,794,115
Land improvement	437,209	81,005	-	-	-	-	518,214
Construction	34,728,829	413,529	3,778,501	-	-	-	38,920,859
Machines, Installations and Machinery	104,265,680	3,537,797	2,290,753	-	(541,387)	-	109,552,843
Furniture and Office Equipment	230,074	51,638	32,950	-	-	-	314,662
Fixed Assets in Progress	1,758,418	11,471,337	-	-	(10,174,302)	-	3,055,454
Advance payments for tangible assets	292,782	505,598	-	-	(838)	-	797,542
<b>Total</b>	<b>147,447,618</b>	<b>16,060,904</b>	<b>6,161,693</b>	<b>-</b>	<b>(10,716,527)</b>	<b>-</b>	<b>158,953,689</b>

*All amounts in lei unless otherwise stated*

**CEMACON SA**

Note la situatiile financiare individuale *(Notes to individual financial statements)*  
 pentru perioada incheiata la 31 Martie 2018 *(for the period ended 31 Martie 2018)*

**Tangible Assets (Continued)**

Value of amortization and impairment adjustments 31 March 2018

<b>Depreciation and impairment</b>	<b>Initial balance</b>	<b>Depreciation and depreciation during the year</b>	<b>Depreciation related to fixed assets ceded</b>	<b>Depreciation of fixed assets held for sale</b>	<b>Adjustments made in the year</b>	<b>Adjustments to income</b>	<b>Final balance</b>
Depreciation for land improvements	268,947	-	-	-	-	-	268,947
Depreciation for buildings	3,054,259	410,761	-	-	-	-	3,465,020
Depreciation for Machines, Installations and Machinery	33,851,542	1,310,394	45,170	-	-	-	35,116,766
Depreciation for Furniture and Office Equipment	109,661	8,787	-	-	-	-	118,448
Adjustments for land impairment	68,124	-	-	-	-	-	68,124
Adjustments for Machines, Installations and Machinery impairment	-	-	-	-	-	-	-
<b>Total</b>	<b>37,352,533</b>	<b>1,729,942</b>	<b>45,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,037,306</b>

*All amounts in lei unless otherwise stated*

Value of amortization and impairment adjustments 31 December 2017

<b>Amortizari si Ajustari</b>	<b>Initial balance</b>	<b>Depreciation and depreciation during the year</b>	<b>Depreciation related to fixed assets ceded</b>	<b>Depreciation of fixed assets held for sale</b>	<b>Adjustments made in the year</b>	<b>Adjustments to income</b>	<b>Final balance</b>
Depreciation for land improvements	224,483	44,464	-	-	-	-	268,947
Depreciation for buildings	1,516,334	1,537,925	-	-	-	-	3,054,259
Depreciation for Machines, Installations and Machinery	28,863,869	5,373,233	385,560	-	-	-	33,851,542
Depreciation for Furniture and Office Equipment	85,241	28,585	4,165	-	-	-	109,661
Adjustments for land impairment	68,124	-	-	-	-	-	68,124
Adjustments for Machines, Installations and Machinery impairment	-	-	-	-	-	-	-
<b>Total</b>	<b>30,758,051</b>	<b>6,984,207</b>	<b>389,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,352,533</b>

*All amounts in lei unless otherwise stated*

**CEMACON SA**

Note la situatiile financiare individuale *(Notes to individual financial statements)*  
 pentru perioada incheiata la 31 Martie 2018 *(for the period ended 31 Martie 2018)*

**Tangible Assets (Continued)**

Net asset value on 31 March 2018

<b>Assets 31 March 2017</b>	<b>Gross value at 31 March 2018</b>	<b>Depreciation</b>	<b>Adjustments</b>	<b>Net value 31 March 2018</b>
Land	5,703,625	-	(68,124)	5,635,501
Land improvement	518,214	(268,947)	-	249,267
Construction	38,550,976	(3,465,020)	-	35,085,956
Machines, Installations and Machinery	110,804,196	(35,116,766)	-	75,687,430
Furniture and Office Equipment	314,662	(118,448)	-	196,214
Fixed Assets in Progress	6,564,178	-	-	6,564,178
Advance payments for tangible assets	1,006,798	-	-	1,006,798
<b>Total</b>	<b>163,462,650</b>	<b>(38,969,181)</b>	<b>(68,124)</b>	<b>124,425,345</b>

*All amounts in lei unless otherwise stated*

Net asset value on 31 Decembrie 2017

<b>Assets 31 December 2017</b>	<b>Gross value at 31 Dec 2017</b>	<b>Depreciation</b>	<b>Adjustments</b>	<b>Net value 31 Dec 2017</b>
Land	5,794,115	-	(68,124)	5,725,991
Land improvement	518,214	(268,947)	-	249,267
Construction	38,920,859	(3,054,259)	-	35,866,600
Machines, Installations and Machinery	109,552,843	(33,851,542)	-	75,701,301
Furniture and Office Equipment	314,662	(109,661)	-	205,001
Fixed Assets in Progress	3,055,454	-	-	3,055,454
Advance payments for tangible assets	797,542	-	-	797,542
<b>Total</b>	<b>158,953,689</b>	<b>(37,284,409)</b>	<b>(68,124)</b>	<b>121,601,156</b>

*All amounts in lei unless otherwise stated*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 12. Intangible assets

The intangible asset structure is:

#### 31 March 2018

Intangible assets	Initial balance	Internal Developments	Acquisitions	Cessions	Final balance
Development costs	771,343	-	-	-	771,343
Concessions, licenses, patents	124,724	-	-	-	124,724
Other intangible assets	305,852	-	1,032,672	(896,927)	441,597
<b>Total</b>	<b>1,201,919</b>	<b>-</b>	<b>1,032,672</b>	<b>(896,927)</b>	<b>1,337,664</b>

#### 31 Decembrie 2017

Intangible assets	Initial balance	Internal Developments	Acquisitions	Cessions	Final balance
Development costs	771,343	-	-	-	771,343
Concessions, licenses, patents	119,316	-	5,408	-	124,724
Other intangible assets	106,411	-	1,087,582	(888,141)	305,852
<b>Total</b>	<b>997,070</b>	<b>-</b>	<b>1,092,990</b>	<b>(888,141)</b>	<b>1,201,919</b>

*All amounts are in lei, if it is not otherwise presented*

The structure of amortization and value adjustments for intangible assets is as follows:

Depreciation and Adjustments Non-corporal Fixed Assets 31 March 2018	Initial balance	Depreciation In year	Impairment Adjustments	Final balance
Development costs	574,199	23,077	-	597,277
Concessions, licenses, patents	104,633	3,060	-	107,694
Other intangible assets	104,964	604	-	105,568
<b>Total</b>	<b>783,796</b>	<b>26,742</b>	<b>-</b>	<b>810,538</b>

Depreciation and Adjustments Non-corporal Fixed Assets 31 December 2017	Initial balance	Depreciation In year	Impairment Adjustments	Final balance
Development costs	481,886	92,313	-	574,199
Concessions, licenses, patents	87,658	16,975	-	104,633
Other intangible assets	93,320	11,644	-	104,964
<b>Total</b>	<b>662,864</b>	<b>120,932</b>	<b>-</b>	<b>783,796</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (Notes to individual financial statements)  
pentru perioada incheiata la 31 Martie 2018 (for the period ended 31 Martie 2018)

### Net value of intangible assets:

Intangible Asset	2018		2017	
	Inventory Value	Net Value	Inventory Value	Net Value
Development costs	771,343	174,066	771,343	197,144
Concessions, licenses, patents	124,724	17,030	124,724	20,091
Other intangible assets	441,597	336,030	305,852	200,889
<b>Total</b>	<b>1,337,664</b>	<b>527,127</b>	<b>1,201,919</b>	<b>418,124</b>

All amounts are in lei, if it is not otherwise presented

### 13. Goodwill and Impairment

The Company does not own on 31 March 2018 intangible assets in the form of a Goodwill.

Tangible and intangible assets are tested for impairment when facts and circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the fair value of the asset less the sale costs and the amount of use. To measure depreciation, assets are grouped to the lowest level at which there are separately identifiable cash flows.

### 14. Financial assets

Investments in shares	31-Mar-18	31-Dec-17
Investments in subsidiaries	200	200
Investments in Associated Entities	-	-
Investments in jointly controlled entities	-	-
Investments available for sale	-	-
Impairment	-	-
Amounts to be paid for investments	-	-
<b>Total</b>	<b>200</b>	<b>200</b>

All amounts are in lei, if it is not otherwise presented

Investments in subsidiaries refer to Cemacon Real Estate Srl, which is controlled by Cemacon SA in 100% ownership.

The company Cemacon Real Estate SRL is a limited liability company, founded and operating legally, according to the Romanian laws. It has its headquarters in Zalau, Fabricii nr.1, Salaj county, Romania, registered with the Trade Registry under no. J31 / 414/2014, unique registration code RO32604048

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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It was established on the basis of the Novation Agreement concluded between BCR, Cemacon and Cemacon Real Estate, in order to take over part of the Existing Payment Obligations that Cemacon owes to BCR and to capitalize the non-productive assets transferred by Cemacon SA to Cemacon Real Estate Srl, following the same agreement.

In the context of Cemacon SA's bank debt restructuring, completed in September 2015, Cemacon SA undertook to guarantee the payment obligation of Cemacon Real Estate SRL, a 100% owned Cemacon SA, and constituted a creditor (BCR) favoring the first-rate mortgage on all the shares owned by him in Cemacon Real Estate, as well as a personal guarantee (fidejusiune), up to a maximum of 3,000,000 euros.

Net book value of the assets held for sale to Cemacon Real Estate SRL amounted to RON 17,901,689 (EUR 3,843,544, calculated on the RON / EUR exchange rate communicated by the National Bank of Romania on 31 March 2018) representing 102% of the value of Cemacon Real Estate SRL to the Romanian Commercial Bank.

Long-term securities are valued at historical cost less any write-downs. Classification of real estate in financial assets or short-term investments is made according to the Company's intention to hold the securities for up to one year or more than one year.

The activities and the percentage of the share capital held by the Company in the companies representing financial assets held as financial assets are summarized below:

<b>Society name</b>	<b>Country where it is registered</b>	<b>Date of registration</b>	<b>Object of activity</b>	<b>Percent age Owned</b>
Cemacon Real Estate Srl	Romania	2013	buying and selling of their own real estate	100%

On 31 March 2018, the Company held shares in Cemacon Real Estate Srl worth 200 lei, representing 100% of its capital.

On March 31, 2018, the Company has granted guarantees for rented premises, guarantees for environmental rehabilitation at ANRM and share redemption guarantee, amounting to RON 1,047,915.

During January-March 2018, Cemacon had one loan contract with Cemacon Real Estate in progress:

Loan Agreement 3292 / March 22, 2016, loan granted for making payments necessary for carrying on the current activity, extended by the supplementary act 1 / 20.03.2017. The balance of this contract on March 31, 2018 is RON 340,849. The interest on this loan is calculated as follows: ROBOR 6M + 3 pp. For this contract there are no warranties and guarantees granted.

## CEMACON SA

Note la situatiile financiare individuale (Notes to individual financial statements)  
pentru perioada incheiata la 31 Martie 2018 (for the period ended 31 Martie 2018)

### 15. Inventory

<b>Inventory</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Raw materials and consumables	4,228,677	4,689,513
Packing	2,160,646	2,200,288
Adjustments	(109,119)	(109,119)
WIP	80,313	62,000
Adjustments	-	-
Billets and finished products	4,390,458	3,187,679
Adjustments	(41,551)	(41,551)
Merchandise	1,076,823	841,033
Adjustments	(31,813)	(31,813)
<b>Total</b>	<b>11,754,433</b>	<b>10,798,030</b>

All amounts are in lei, if it is not otherwise presented

The cost of inventories recognized in the income statement has the following structure:

<b>Raw materials and consumables</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>
Raw materials	1,211,978	1,147,287
Auxiliary materials	905,357	794,821
Packing	1,044,699	769,989
Merchandise	562,919	236,439
Inventory items	19,599	22,841
Other consumables	7,127	5,405
Miscellaneous	1,225,414	853,003
<b>Total</b>	<b>4,977,093</b>	<b>3,829,786</b>

All amounts are in lei, if it is not otherwise presented

### Inventory Adjustments

Where necessary, adjustments are made for inventory items, physically or morally exploited. The net realizable value is estimated on the basis of the selling price less the sales costs.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 16. Commercial receivables and other receivables

Commercial receivables and other receivables	31-Mar-18	31-Dec-17
Trade receivables	13,048,615	11,287,433
Adjustments for trade receivables	(1,588,121)	(1,588,121)
Intragroup receivables	1,487,297	1,303,297
Adjustments for intragroup receivables	-	-
Claims to associates / shareholders	-	-
Employees	-	-
Tax	-	-
Other receivables from the State Budget	272,611	244,409
Subsidies	-	-
Debtors and other receivables	40,372	5,130
Adjustments for other receivables	-	-
Interest to cash	71,679	71,679
<b>Total financial assets other than cash, classified as loans and receivables</b>	<b>13,332,452</b>	<b>11,323,827</b>
Advance paid	466,000	415,200
<b>Total</b>	<b>13,798,452</b>	<b>11,739,027</b>

*All amounts are in lei, if it is not otherwise presented*

The structure of receivables on 31 March 2018 is as follows:

Receivables age analysis	31-Mar-18	31-Dec-17
Non-incidentals receivables	8,668,140	7,984,890
Unadjusted outstanding receivables	-	-
up to 3 months	4,149,194	2,915,225
between 3 and 6 months	156,317	8,089
between 6 and 12 months	450	757,517
over 12 months	824,350	73,306
<b>Total</b>	<b>13,798,452</b>	<b>11,739,027</b>

Adjustments	31-Mar-18	31-Dec-17
At the beginning of the period	1,588,121	1,579,588
Established during the year	-	54,757
Cancellations not used	-	46,224
Exchange rate differences	-	-
<b>At the end of the period</b>	<b>1,588,121</b>	<b>1,588,121</b>

*All amounts are in lei, if it is not otherwise presented*

Through the credit control system, the company reduced its losses from doubtful debts, in the year 2017 they amounted to 11,438 lei and constant efforts were made to recover old receivables. The commercial receivables of the company consist of a large number of clients.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

Permanent customer credit assessment is performed on the client's financial condition. In order to reduce credit risk, the company has concluded a commercial credit insurance with Coface. As of December 31, 2017, the number of insured clients at Coface is 170. The total value of these insured limits provides significant coverage of the risk of non-payment.

The financial risk generated by foreign currency transactions has little impact on the company's business activity; sales and earnings are made in the national currency (RON) without the sale price being affected by the exchange rate fluctuation, and the purchases in foreign currency are below the 8% of the turnover.

The company's liquidity policy is to maintain sufficient liquidity to meet its obligations as they become due. The company monitors liquidity through a regular budgeting process.

### 17. Commercial and similar debts

<b>Commercial and similar debts</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Commercial debt	5,562,509	7,388,309
Asset suppliers	293,992	429,095
Intragroup debts	-	-
Leasing liabilities	9,159	8,336
Debt on employees	677,765	621,727
Taxes and social contributions	1,199,930	675,152
Other tax liabilities	988,354	1,039,501
Other debts	307,494	1,055,598
Payment interest	2,931	2,931
<b>Total debt less loans, classified as measured at amortized cost</b>	<b>9,042,133</b>	<b>11,220,649</b>
Dividends	-	-
Advance payments	567,039	1,140,073
Income in advance	665,862	665,862
<b>Total</b>	<b>10,275,034</b>	<b>13,026,584</b>

*All amounts are in lei, if it is not otherwise presented*

**CEMACON SA**

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

**18. Loans**

Classification of short-term and long-term loans on March 31 is the following:

<b>Loans</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
<b>Current</b>		
Short-term and overdraft loans	-	-
The current part of long-term loans	5,666,100	5,333,800
Bonds	-	-
Loans non-specialized institutions	-	-
Financial leasing	44,272	1,391,573
Other debts	87,886	-
Loans from affiliated parties	-	-
<b>Total Current Loans</b>	<b>5,798,258</b>	<b>6,724,373</b>
<b>Long-term loans</b>		
Long-term loans	40,718,150	42,384,650
Bonds	-	-
Financial leasing	3,510,763	1,869,946
Other debts	-	-
Loans from affiliated parties	-	-
<b>Total long-term loans</b>	<b>44,228,913</b>	<b>44,254,596</b>
<b>Total Loans</b>	<b>50,027,171</b>	<b>50,978,969</b>

*All amounts are in lei, if it is not otherwise presented*

On March 31, Cemacon SA has contracted 2 credits to Cec Bank as follows:

1. Contract Investment loan contracted on 20.12.2016 amounting to 54,000,000 lei for a period of 54 months until 31.12.2023. The new contracted credit cost is Robor 6M + Margin.
2. Credit Facility Facility Contract with a maximum limit of 4,000,000 lei with maturity date 19.12.2019. The facility's destination is to finance current business. The credit cost is Robor 6M + Margin. On December 31, 2017 Cemacon SA did not have any amounts used from the contracted credit facility.

On 31 March 2018, the structure of the loans is as follows:

<b>Credit institution</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
	<b>Lei</b>	<b>Lei</b>
Banca Comerciala Romana	-	-
CEC Bank	46,384,250	47,717,450
<b>TOTAL</b>	<b>46,384,250</b>	<b>47,717,450</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

Bank guarantees consisting of fixed assets on 31 March 2018 of the contracted loans have the following structure:

<b>Pledged and Restricted Tangible Assets</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Land and buildings	16,805,589	16,805,589
Assets	49,882,400	49,882,400
Inventory	5,663,784	5,663,784
<b>Total</b>	<b>72,351,773</b>	<b>72,351,773</b>

*All amounts are in lei, if it is not otherwise presented*

The value of land and buildings was evaluated on 01.08.2017, respectively on 13.07.2016, based on the evaluation study carried out by Ev. Felecan Luminita Eugenia, as mentioned in the loan agreement.

The value of the assets was valued on 01.08.2017, respectively on 13.07.2016, as stated in the loan agreement.

Real Warranty The first grade I on the stocks of raw materials, semi-finished products, finished goods and merchandise of CEMACON SA was valued on 30.09.2017 (5,663,784 lei), as it is mentioned in the loan agreement.

Mobile Security on current accounts of CEMACON SA no. RO18CECECJ0130RON0894149 and nr. RO68CECECJ01C1EUR0894150 opened at Cec Bank.

Assignment of all current and future receivables and receivables arising from or in connection with current and future business contracts.

First-rate mortgage on bank accounts, account money, insured receivables, tangible goods, intellectual property rights.

### 19. Employee's Benefits

Debts on employee benefits consist of compensation for holiday leave, which is granted annually for holidays made in the reference year. For unpaid leave, the company is at the end of the year provision for unpaid leave.

On retirement according to the collective labor contract valid for the year 2018, the employees will receive the following indemnities according to the length of their work in the company:

< 5 years	0
5 – 20 years	1 individual salary on retirement
> 20 years	2 individual salaries on retirement

For this type of indemnity, the company constituted a provision with the value of the retirement benefits. For details, see note 20. Provisions.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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<b>Employee Benefits</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Benefits at retirement	414,509	414,509
Provision for annual leave	360,739	360,739
Employee bonuses	7,800	1,360,062
Management bonuses	1,808,872	1,808,872
<b>Total</b>	<b>2,591,920</b>	<b>3,944,182</b>

<b>Benefit Structure</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Short term	2,177,411	3,529,673
Long term	414,509	414,509
<b>Total</b>	<b>2,591,920</b>	<b>3,944,182</b>

*All amounts are in lei, if it is not otherwise presented*

In the event of the General Director's unjustified dismissal, he will be entitled to other damages under the law or this contract to receive an amount equal to the remainder of the amount he would have received until the end of the term, but no longer more than EUR 60,000 (in net amount) as compensation for his dismissal from office.

In the case of the unpaid dismissal of the Financial Director, he will be entitled to other damages under the law or this contract to receive an amount equal to the remainder of the amount he would have received until the end of the term but no longer more than EUR 48,000 (net) as compensation for his dismissal.

In the event of unjustified dismissal of the President of the Board of Directors, he shall be entitled to other damages under the law or this contract to receive an amount equal to the remainder of the amount that he would have received until the end of the term but not more than EUR 60,000 (in net amount) as compensation for his dismissal from office.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 20. Provisions

The provisioning structure on March 31, 2018 is the following:

Provision	Initial balance	Amounts used	Reverse unused amounts	Increases in the update of amounts as time passes	Effects of changing the update rate	Final balance
Litigation	80,081	-	-	-	-	80,081
Unpaid leave	360,739	-	-	-	-	360,739
Pensions	414,509	-	-	-	-	414,509
Environmental recovery	531,011	-	-	-	-	531,011
Employee bonus provision	1,360,062	(1,352,262)	-	-	-	7,800
Provizion bonus management	1,808,872	-	-	-	-	1,808,872
Provizion bonus administrators	556,018	-	-	-	-	556,018
Other Provisions	247,037	-	-	-	-	247,037
<b>Total</b>	<b>5,358,329</b>	<b>(1,352,262)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,006,067</b>

*All amounts are in lei, if it is not otherwise presented*

The short and long term provision of the provision is:

Structure of provisions	Short Term	Long Term
Litigation	80,081	-
Unpaid leave	360,739	-
Pensions	-	414,509
Environmental recovery	-	531,011
Other	2,619,727	-
<b>Total</b>	<b>3,060,547</b>	<b>945,520</b>

*All amounts in RON unless otherwise stated*

Throughout 2018, the company reversed the provision for employee bonuses, given its employees. On March 31, 2018, the Company had provisions for risks and expenses amounting to RON 4,006 million. The main amounts refer to:

1. Provision for employee bonus, management and administrators in the amount of 2.37 million lei;
2. Provision for environment recovery in the amount of 0.53 million lei;
3. Provision for pensions amounting 0.41 million lei;
4. Provision for unpaid leave in the amount of 0.36 million lei;
5. Other provisions amounting to 0.33 million lei.

A breakdown of these is found in the individual financial statements as at 31.12.2017.

**CEMACON SA**

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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The state of disputes on March 31, 2018 is:

<b>Plaintiff</b>	<b>Defendant</b>	<b>Object</b>	<b>Court</b>	<b>Stage</b>	<b>Value of dispute</b>	<b>Explanations</b>
SZAKACS JANOS PRIN AV. BORTOS CRISTIAN	CEMACON	Labor litigation	Tribunalul Mures	Fond	salary rights in the amount of 50,166 lei - calculated for the estimated period 17.03- 31.12.2017 + legal fees	Litigation promoted by former employee Szakacs Janos against the decision to terminate CIM for professional misconduct --art. 61 lit. d) Labor Code
Dan Paul	CEMACON	Litigation with professionals - action for annulment of GMS decision	Tribunalul Specializat Cluj	Fond	Undetermined	Litigation promoted by a shareholder with the purpose of ascertaining the absolute nullity of the decision No. 1 dated 24.03.2014 of the Extraordinary General Meeting of the Shareholders of Cemacon SA, and consequently the nullity of all the subsequent acts concluded on the basis thereof

## CEMACON SA

Note la situatiile financiare individuale (Notes to individual financial statements)  
pentru perioada incheiata la 31 Martie 2018 (for the period ended 31 Martie 2018)

### 21. Deferred Taxes

Deferred tax	31-Mar-18	31-Dec-17
Total tax deferred at the beginning of the period	(1,539,770)	(1,262,668)
Deferred tax expense related to temporary differences	-	(345,809)
Liability tax recognized in other equity	-	68,707
<b>Total deferred tax</b>	<b>(1,539,770)</b>	<b>(1,539,770)</b>
<b>Total deferred tax liability</b>	<b>(1,539,770)</b>	<b>(1,539,770)</b>

All amounts are in lei, if it is not otherwise presented

Deferred tax is calculated on the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

For Recea production plant equipment, the company calculates depreciation per product unit, in which case there is a difference between the depreciation calculated on the tax and the applied method. For this difference, the company calculates and records deferred income tax.

### 22. Assets held for sale

On March 31, 2018, the company classified as assets held for sale a land worth 1.15 million lei, as well as a real estate worth 0.61 million lei, assets which are pledged in favor of BCR for Cemacon Real Estate.

Fixed assets	Book value at 31 December 2017	Outputs	Inputs	Book value on March 31, 2018
Terenuri	1,061,449	-	90,490	1,151,938
Constructii	216,046	-	398,567	614,613
<b>Total</b>	<b>1,277,495</b>	<b>-</b>	<b>489,057</b>	<b>1,766,551</b>

All amounts are in lei, if it is not otherwise presented

### 23. Share capital

On March 31, 2018, the share capital structure is:

Structure of share capital	31-Mar-18	31-Dec-17
Number of authorized actions	113,990,218 buc	113,990,218 buc
Number of shares subscribed and paid	113,990,218 buc	113,990,218 buc
Number of subscribed and unpaid shares	-	-
The nominal value of an action	0.10 lei	0.10 lei

All shares of the company are common and have the same voting rights.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

Capital structure movements in the year 2018 can be seen in the following table:

	31-Mar-18		31-Dec-17	
	Number	Value	Number	Value
Ordinary shares of 0.1 Lei each	113,990,218 buc	11,399,022 lei	113,990,218 buc	11,399,022 lei
Discounts by embedding losses	-	-	-	-
Emissions during the year	-	-	-	-
Acquisition of own shares	-	-	-	-
<b>TOTAL</b>	<b>113,990,218 lei</b>	<b>11,399,022 lei</b>	<b>113,990,218 lei</b>	<b>11,399,022 lei</b>

The shareholding structure on 31 December 2017 consists of:

Shareholder	Shares	Percent
S.C. DEDEMAN S.R.L.	46.480.783	40.7761%
BUSINESS CAPITAL FOR ROMANIA-OPPORTUNITY FUND		
COOPERATIEF U.A. loc. AMSTERDAM NLD	37.616.768	33.0000%
alti actionari / others	17.437.718	15.2976%
S. CIT RESOURCES S.A.	12.454.949	10.9263%
<b>TOTAL</b>	<b>113.990.218</b>	<b>100.0000%</b>

Source: DEPOZITARUL CENTRAL Data: 12/31/2017

As a result of the transactions on the capital market in 2018, the shareholding structure on 31 March 2018 is composed of:

Shareholder	Shares	Percent
S.C. DEDEMAN S.R.L.	46.480.783	40.7761%
BUSINESS CAPITAL FOR ROMANIA-OPPORTUNITY FUND		
COOPERATIEF U.A. loc. AMSTERDAM NLD	37.616.768	33.0000%
Pers.Juridice	20.377.650	17.8767%
Pers.Fizice	9.515.017	8.3472%
<b>TOTAL</b>	<b>113.990.218</b>	<b>100.0000%</b>

Source: DEPOZITARUL CENTRAL Data: 03/05/2018

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 24. Reserves

The following describe the nature and type of each reserve in equity:

Reserve type	Description and purpose
<i>Legal reserve</i>	They are constituted annually from the entity's profit in the allowances and limits provided by the law. In 2017 the limits are 5% applied to the accounting profit until it reaches 20% of the subscribed capital subscribed. As at March 2018 the company did not book any legal reserve.
<i>Revaluation reserves</i>	Revaluation reserves consist of differences arising from the revaluation of property, plant and equipment. Evidence of revaluation reserves is made on each type of asset and on each revaluation operation that has taken place. In 2018, the company did not re-evaluate and did not record revaluation reserves.
<i>Other Reserves</i>	There are other unpredictable reserves, which have been constituted on a voluntary basis for the net profit for covering the accounting losses or for other purposes, according to the decision of the general meeting of the shareholders, in compliance with the legal provisions. As at March 2018 the company did not book other reserves.

Reserve type	Initial balance	Increases	Decreases	Final balance
Legal reserves	2,279,805	-	-	2,279,805
Revaluation reserves	14,800,379	-	-	14,800,379
Reserves related to reinvested profit	4,257,486			4,257,486
Other reserve	1,700,933	-	-	1,700,933
<b>Total</b>	<b>23,038,603</b>	-	-	<b>23,038,603</b>

*All amounts are in lei, if it is not otherwise presented*

### 25. Leasing

On 31 March 2018, the Company had concluded financial leasing contracts with the following Leasing companies:

The leasing company	Lease type	Leasing assets
PORSCHE LEASING ROMANIA IFN	Financial leasing	Fleet
IMPULS LEASING	Financial leasing	Fleet and Machienery
UNICREDIT LEASING CORPORATION IFN	Financial leasing	Machienery
BT LEASING	Financial leasing	Machienery

The statement of financial lease liabilities as at 31 March 2018 is as follows:

Leased Assets	Initial balance	Increases	Decreases	Final balance
Vehicles	518,567	-	84,999	433,568
Machines	2,660,438	751,393	290,364	3,121,467
<b>Total</b>	<b>3,179,005</b>	<b>751,393</b>	<b>375,363</b>	<b>3,555,035</b>

*All amounts are in lei, if it is not otherwise presented*

**CEMACON SA**

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

The maturity of lease payments is presented in the following table:

**31.03.2018**

<b>Maturity of Leasing Payments</b>	<b>Total value</b>	<b>Interest</b>	<b>Net value</b>
less than 1 year	542,926	106,476	442,450
between 1 and 5 years	3,312,384	199,799	3,112,585
over 5 years	-	-	-
<b>Total</b>	<b>3,855,310</b>	<b>300,275</b>	<b>3,555,035</b>

*All amounts are in lei, if it is not otherwise presented*

**31.12.2017**

<b>Maturity of Leasing Payments</b>	<b>Total value</b>	<b>Interest</b>	<b>Net value</b>
less than 1 year	1,415,510	106,451	1,309,059
between 1 and 5 years	1,982,933	112,987	1,869,946
over 5 years	-	-	-
<b>Total</b>	<b>3,398,443</b>	<b>219,438</b>	<b>3,179,005</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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### 26. Related parties transactions

The company's affiliates in 2018 are:

- DEDEMAN SRL with registered office in loc Bacău, Str. Alexei Tolstoi, nr. 8, 600093, C.I.F.: RO 2816464, Nr.Ord.Reg.Com.: J04/2621/1992 – significant shareholder;
- PIF INDUSTRIAL SRL with registered office in loc Bacău, Str. Alexei Tolstoi, nr. 8, CUI 18227759, Nr.Ord.Reg.Com.: J4/2200/2005 – shareholder;
- Business Capital for Romania – Opportunity Fund Cooperatief U.A., Olanda;
- CIT RESOURCES SA with registered office in loc Bucuresti, sector 2, str. Gara Herastrau, nr. 4, CUI 35352514, Nr.Ord.Reg.Com.: J40/15580/2015 – significant shareholder;
- Consultanta Andrei&Andrei Srl with registered office in loc. Bucuresti, sector.1, str jandarmeriei, nr.14, bl A2, sc.3, ap.2; CIF: RO 17345454, R.C J40/14670/2011; shareholder;
- VIZENTAL MONEY MANAGEMENT SRL with registered office in loc Arad, str. Poetului, nr.61, CUI 24756193, Nr.Ord.Reg.Com.: J02/2004/2008 –controlled by member of the Board of Directors Rudolf-Paul Vizental;
- Cemacon Real Estate with registered office in Jud. Salaj, Mun. Zalau, Str. Fabricii, Nr.1, CUI RO 32604048; 100% investee of the company Cemacon SA; the group consisting of Cemacon SA and Cemacon Real Estate respectively, prepares consolidated financial statements as at 31 March 2018;
- RSL Capital Advisors Srl – Strada Căpitan Gheorghe Mărășoiu, București CUI 33165056;
- Orion Strategy Solution Srl with registered office in jud. Cluj, loc. Cluj-Napoca, str Artelor, nr. 7; CIF Ro26118990; R.C. J12/3026/2013; President of Board of Directors Cemacon SA, Liviu-Ionel Stoleru CEO Cemacon SA is the Director of Orion Strategy Solution Srl and representative of this entity in the Board of Directors of Cemacon SA;
- Liviu-Ionel Stoleru – General Manager and President of Board of Directors
- Sologon Daniel – Financial Director
- Ana-Barbara Bobirca – member of the Board of Directors
- Dana-Rodica Beju – member of the Board of Directors
- Anca Manitiu – member of the Board of Directors
- Rudolf-Paul Vizental – member of the Board of Directors

## CEMACON SA

Note la situatiile financiare individuale *(Notes to individual financial statements)*  
pentru perioada incheiata la 31 Martie 2018 *(for the period ended 31 Martie 2018)*

### Related Party Transactions (Continued)

Transactions with affiliated parties are summarized in the following table:

Related parties	Sales		Aquisitions	
	1 Jan - 31martie 2018	1 Jan - 31Dec. 2017	1 Jan - 31martie 2018	1 Jan - 31Dec. 2017
Consultanta Andrei&Andrei Srl	-	-	-	102,929
Orion Strategy Solution Srl	-	-	-	283,458
Dedeman SRL	3,346,326	3,818,024	44,452	135,905
RSL Capital Advisors SRL	-	-	-	20,544
Cemacon Real Estate	-	514,625	135,618	532,369
<b>Total</b>	<b>3,346,326</b>	<b>4,332,289</b>	<b>180,070</b>	<b>1,075,205</b>

*All amounts are in lei, if it is not otherwise presented*

Balances with affiliated parties are summarized in the following table:

Related parties	Receivables from affiliated parties		Debts to affiliated parties		Given loans	
	31-Mar-2018	31-Dec-17	31-Mar-2018	31-Dec-17	01.01.2018-31.03.2018	01.01.2017-31.12.2017
Consultanta Andrei&Andrei Srl	-	-	-	-	-	-
Orion Strategy Solution Srl	-	-	-	-	-	-
Dedeman SRL	239,448	-	12,876	56,115	-	-
RSL Capital Advisors SRL	-	-	-	-	-	-
Cemacon Real Estate	1,218,127	1,218,127	135,905	-	340,849	156,849
<b>Total</b>	<b>1,457,575</b>	<b>1,218,127</b>	<b>148,871</b>	<b>56,115</b>	<b>340,849</b>	<b>156,849</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 27. Cash and cash equivalents

<b>Cash and cash equivalents</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Available in the bank	29,703,070	34,484,819
Cash and cash equivalents	6,252	13,730
<b>Total</b>	<b>29,709,322</b>	<b>34,498,549</b>

*All amounts are in lei, if it is not otherwise presented*

On March 31, 2018, there are no financial instruments that generate exposure to credit risk. Cash balances denominated in foreign currency at 31 March 2018 are not material.

### 28. Adjustments of accounting errors

During January-March 2018, the Company did not record corrections of accounting errors, related to the previous years.

### 29. Share-based payment

Between January and March 2018, the Company did not record changes in share-based payment as presented in the financial statements as of December 31, 2017.

### 30. Other information

#### ***Segment Reporting:***

The company has a single reporting segment, represented by the production and marketing of building bricks. The nature of the products in the range of the Company is similar, as well as their production process. Also, the nature of the economic and legislative environment to which the Company is subject is the same for all the production and marketing activities undertaken by the Company.

The company does not record significant sales on the foreign market that would meet the reporting criteria of a distinct segment. The assets held by the Company are fully located within Romania and are used to produce and market the products mentioned above. Also, all liabilities, respectively the results recorded in the individual financial statements, are exclusively related to the only segment of the Company's activity, represented by the production and marketing of building bricks.

#### ***Information on Company Presentation:***

Cemaccon SA is a Romanian legal person, founded as a joint stock company based on GD No.1200 / 1991 with headquarters in Cluj-Napoca, 48, Dorobantilor str., Silver Business Center building, 1st floor, Cluj county. The company's main activity is "Manufacture of bricks, tiles and other construction products, from burned clay".

***Conversion bases used to express in national currency assets and liabilities, income and expenses originally denominated in a foreign currency:***

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

The way used for expressing in the national currency the assets, income and expenses highlighted in a foreign currency is presented in Note 1. Main exchange rates used to convert foreign currency denominated balances into lei at 31 December 2017 and 31 March 2018 are:

Foreign currency	Abbreviation	Exchange rate	
		31-Mar-18	31-Dec-17
US Dollar	USD	3.7779	3.8915
Euro	EUR	4.6576	4.6597

### ***Fees paid to auditors:***

All fees paid refer to audit services on the individual financial statements prepared by the Company in accordance with IFRS. The Company paid during the year ended December 31, 2017 the fees to the auditors in accordance with the contract concluded between the parties. The auditor of the company is SC Deloitte Audit SRL.

### ***Amendments:***

Administrators do not have the right to subsequently amend the financial statements.

The financial statements together with the notes to the financial statements are authorized to be issued on May 10, 2018. It is not possible for the financial statements to be amended after they have been issued.

The quarterly financial statements were not audited.

## **31. Contingencies**

### ***Contingent debts***

In the context of Cemacon SA's bank debt restructuring, completed in September 2015, Cemacon SA undertook to guarantee the payment obligation of Cemacon Real Estate SRL, a 100% owned Cemacon SA, and constituted a creditor (BCR) favoring the first-rate mortgage on all the shares owned by him in Cemacon Real Estate, as well as a personal guarantee (fidejusiune), up to a maximum of 3,000,000 euros.

Net book value of the assets held for sale in the company Cemacon Real Estate SRL amounted to 17,901,689 lei (3,843,544 euros, calculated at the lei / euro exchange rate communicated by the National Bank of Romania on March 31, 2018) representing 102% of the value of Cemacon Real debt Estate SRL to the Romanian Commercial Bank.

Based on the sale transactions concluded in 2016 and the information on the real estate market, Cemacon SA's management considers that an outflow of resources from the level of the existing fiduciary between Cemacon SA and Cemacon Real Estate SRL is unlikely at the end of the 5 year period of the latter's credit .

### ***Taxation***

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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The Company considers that it has paid in full and in full all taxes, penalties, penalties and penalties, insofar as this is the case.

All amounts due to the State for taxes have been paid or recorded at the balance sheet date. The fiscal system in Romania is undergoing consolidation and harmonization with European legislation, with different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payments (applied to the actual payment amounts). Therefore, the fiscal sanctions resulting from violations of the legal provisions may reach significant amounts to be paid to the state.

In Romania, the fiscal exercise remains open for verification for a period of 5 years.

### ***Transfer price***

In accordance with relevant tax legislation, the tax assessment of a transaction with affiliated parties is based on the concept of market price for that transaction. Based on this concept, transfer pricing needs to be adjusted to reflect market prices that would have been set between entities that do not have an affiliate relationship and that act independently, based on "normal market conditions".

It is likely that transfer pricing checks will be carried out in the future by tax authorities to determine whether those prices comply with the "normal market conditions" principle and that the taxpayer's taxable base is not distorted.

### **Chief Executive Officer**

Stoleru Liviu

Signature \_\_\_\_\_

### **Chief Financial Officer**

Sologon Daniel

Signature \_\_\_\_\_

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The information contained in this document are provided under IFRS (International Financial Reporting Standards). The company has made every effort to ensure the information presented is complete, accurate and free of material errors. Where necessary, both the company and management, used the professional judgment in conjunction with interantional financial reporting standards to present information in a manner consistent with the specific activity of the business. Interpretation of information presented in this document must be made in accordance with these standards. If there are gaps nor interpretations different from the mentioned regulations the provisions set out in International Financial Reporting Standards (IFRS) will apply. The unaudited financial information set forth above is preliminary and subject to adjustments and modifications. Adjustments and modifications to the financial statements may be identified during the course of the audit work, which could result in significant differences from this preliminary unaudited financial information.

This document was translated from Romanian to English using automated translating software, for information purposes only. Cemacon SA is not responsible for any translation errors or misinterpretation of information contained in this document. Reporting language is Romanian and in case of misinterpretation the Financial Statements issued in Romanian shall apply.

Cluj-Napoca  
10<sup>th</sup> of May 2018

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>ST</sup> OF MARCH 2018**

Prepared according to International Reporting Standards



**CEMACON**

Cărămizi inteligente **EVO**CERAMIC

SC CEMACON SA  
Cod Fiscal 677858  
Cod Registrul Comertului J12/2466/2012

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**CEMACON SA**

Situatia consolidata a pozitiei financiare (*Consolidated statement of financial position*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

<b>ACTIVE (ASSETS)</b>		<b>31-Mar-18</b>	<b>31-Dec-17</b>
<b>Active imobilizate</b>		<b>LEI</b>	<b>LEI</b>
<b>Non-current assets</b>			
Imobilizari corporale	<b>11</b>	124,425,345	121,601,156
<i>Property, plant and equipment</i>		-	-
Investitii imobiliare		-	-
<i>Investment property</i>		-	-
Imobilizari necorporale	<b>12</b>	527,127	418,124
<i>Intangible</i>		-	-
Investitii in actiuni	<b>14</b>	-	-
<i>Investments</i>		-	-
Alte active imobilizate		1,047,915	1,039,555
<i>Other non-current assets</i>			
		<b>126,000,387</b>	<b>123,058,835</b>
<b>Active circulante</b>			
<b>Current assets</b>			
Stocuri	<b>15</b>	11,754,433	10,798,030
<i>Inventories</i>		-	-
Creante comerciale si similare	<b>16</b>	12,706,284	10,664,137
<i>Trade and other receivables</i>		-	-
Alte active financiare		-	-
<i>Other financial assets</i>		-	-
Numerar si echivalente numerar	<b>27</b>	29,717,381	34,526,889
<i>Cash and cash equivalents</i>			
		<b>54,178,098</b>	<b>55,989,056</b>
Active clasificate drept detinute în vederea vânzării	<b>22</b>	<b>19,493,660</b>	<b>19,238,703</b>
<i>Assets classified as held for sale</i>			
<b>TOTAL ACTIVE (TOTAL ASSETS)</b>		<b>199,672,145</b>	<b>198,286,594</b>
<b>DATORII (LIABILITIES)</b>			
<b>DATORII CURENTE</b>			
<b>CURRENT LIABILITIES</b>			
Datorii comerciale si similare	<b>17</b>	11,525,966	14,203,788
<i>Trade and other payables</i>		-	-
Imprumuturi	<b>18</b>	5,798,258	6,724,373
<i>Loans and borrowings</i>		-	-
Subventii pentru investitii		-	-
<i>Grants received</i>		-	-
Datorii privind impozitul pe profit		656,368	106,946
<i>Tax liability</i>		-	-
Provizioane	<b>20</b>	3,060,547	4,412,808
<i>Provisions</i>		-	-
		<b>21,041,139</b>	<b>25,447,915</b>

**CEMACON SA**

Situatia consolidata a pozitiei financiare (*Consolidated statement of financial position*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

		<b>31-Mar-18</b>	<b>31-Dec-17</b>
		<b>LEI</b>	<b>LEI</b>
<b>DATORII PE TERMEN LUNG</b>			
<b>NON-CURRENT LIABILITIES</b>			
Datorii comerciale si similare	<b>17</b>	-	-
<i>Non-current trade and other liabilities</i>		-	-
Imprumuturi	<b>18</b>	61,183,533	61,473,144
<i>Loans and borrowings</i>		-	-
Subventii pentru investitii		1,064,285	1,083,195
<i>Grants received</i>		-	-
Impozit amanat	<b>21</b>	1,312,250	1,312,250
<i>Deferred tax</i>		-	-
Provizioane	<b>20</b>	945,520	945,520
<i>Provisions</i>		-	-
		<b>64,505,588</b>	<b>64,814,109</b>
<hr/>			
<b>TOTAL DATORII (TOTAL LIABILITIES)</b>		<b>85,546,727</b>	<b>90,262,024</b>
<hr/>			
<b>ACTIVE NETE (NET ASSETS)</b>		<b>114,125,419</b>	<b>108,024,569</b>
<hr/>			
<b>CAPITAL SI REZERVE (EQUITY)</b>			
Capital social	<b>23</b>	20,613,371	20,613,371
<i>Issued capital</i>		-	-
Beneficii acordate angajatilor in instrumente de capitaluri proprii		2,024,226	2,024,226
Impozit profit amanat		(1,119,534)	(1,119,534)
Actiuni proprii		-	-
<i>Own Shares</i>		-	-
Prime legate de emiterea de actiuni		54,850,347	54,850,347
<i>Share premium</i>		-	-
Rezerve din reevaluare aferente active destinate vanzarii	<b>24</b>	5,629,211	5,629,211
<i>Amounts recognised in other comprehensive income and accumulated in equity relating to non-assets held for sale</i>		-	-
Rezerve	<b>24</b>	22,433,710	22,433,710
<i>Reserves</i>		-	-
Rezultat reportat		9,694,086	3,593,238
<i>Retained earnings</i>		-	-
Interesele care nu controleaza		-	-
<i>Non-controlling interest</i>		-	-
		<b>114,125,419</b>	<b>108,024,569</b>

*Toate sumele sunt prezentate in lei, daca nu este specificat altfel / All amounts in Lei, if not otherwise stated*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

		31-Mar-18 LEI	31-Mar-17 LEI
<b>Venituri din vanzari</b>	<b><u>3</u></b>	<b>21,486,011</b>	<b>11,567,665</b>
<i>Sales revenues</i>			
Alte venituri din exploatare	<b><u>4</u></b>	812,637	485,663
<i>Other operating revenues</i>			
Alte castiguri si pierderi	<b><u>4</u></b>	1,374,477	1,155,445
<i>Other gains and losses</i>			
Variatia stocurilor		2,707,166	4,385,203
<i>Change in inventories of FG &amp; WiP</i>			
Materii prime si consumabile	<b><u>15</u></b>	(4,977,125)	(3,834,677)
<i>Raw material and consumables used</i>			
Cheltuieli de personal	<b><u>6</u></b>	(5,457,781)	(4,455,756)
<i>Personnel Expenses</i>			
Amortizare si depreciari		(1,756,683)	(1,533,648)
<i>Depreciation and amortisation expenses</i>			
Alte cheltuieli din exploatare	<b><u>5</u></b>	(6,809,330)	(7,453,726)
<i>Other operating expenses</i>			
<b>Profit / (Pierdere) din exploatare</b>		<b>7,379,372</b>	<b>316,168</b>
<b><i>Profit / (Loss) from operation</i></b>			
Venituri financiare	<b><u>7</u></b>	262,413	180,269
<i>Financial income</i>			
Cheltuieli financiare	<b><u>7</u></b>	(880,760)	(738,757)
<i>Financial expenses</i>			
<b>Rezultat Financiar</b>	<b><u>7</u></b>	<b>(618,347)</b>	<b>(558,488)</b>
<b><i>Financial Result</i></b>			
<b>Profit / (Pierdere) inainte de impozitare</b>		<b>6,761,025</b>	<b>(242,320)</b>
<i>Profit before tax</i>			
Cheltuieli cu impozite	<b><u>9</u></b>	(656,368)	-
<b>Profit / (Pierdere)</b>		<b>6,104,657</b>	<b>(242,320)</b>
<b><i>Profit after tax</i></b>			
<b>Total alte elemente ale rezultatului global</b>		<b>-</b>	<b>-</b>
<b>Total other elements of other comprehensive income</b>			
<b>Total rezultat global</b>		<b>6,104,657</b>	<b>(242,320)</b>
<b>Comprehensive income total</b>			

*Toate sumele sunt prezentate in lei, daca nu este specificat altfel / All amounts in Lei, if not otherwise stated*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 1. Accounting policies

The accounting policies of the Group are aligned with the international financial reporting standards (IFRS). A detail of them can be found in the consolidated financial statements at 31.12.2017.

### 2. Accounting estimates

The Group make certain estimates and assumptions concerning the future. Estimates and judgements are assessed continuously on the basis of the experience historical and other factors, including expectations regarding future events deemed to be reasonable in the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In the table below are estimates made by the company by 31 March 2018:

<b>Value estimated at the end of the reporting period</b>	<b>31.Mar.18</b>
Provisions regarding employees and administrators	3,147,938
Payment on the basis of shares	2,024,226
Deffered Tax	1,312,250
Provision of environmental restoration	531,011
Other provisions	247,037
Increased litigation	80,081
<b>Total estimated value</b>	<b>7,342,543</b>

*All amounts are in lei, if it is not otherwise presented*

### 3. Revenues

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Sale revenues		
Sales of finished goods	20,227,995	10,747,626
Sales of goods	2,436,350	1,322,736
Revenues from services rendered	92,281	34,706
Trade discounts granted	(1,064,074)	(342,319)
Financial discounts granted	(206,541)	(195,084)
<b>Total</b>	<b>21,486,011</b>	<b>11,567,665</b>

*All amounts are in lei, if it is not otherwise presented*

The main income of the Group in the year 2018 were comprised of selling finished products 20.22 million, selling merchandise 2.43 million lei and services rendered 0.092 million lei, while the amount of commercial and financial discounts has been of 1.27 million lei.

Due to the specifics of activity during the year 2018 the company carried out "Bill and Hold" sales. These sales have respected the principles of recognition of revenue for sale of finished goods, as a result of the application of this type of politics, moreover products have been delivered to customers, on average, within a period of 60 days and have cashed in timelines media collection, which were in the year 2018, depending on the type of customer, between 30 and 60 days.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 4. Other operational revenues

Other operational revenues are generated from activities that are not part of the general subject of activity of the entity, which is why they are presented differently from income from sales.

<b>Other operational revenues</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Revenue from various services	10,831	25,288
Income from compensation	9,967	10,503
Income from subsidies for assets	18,910	18,910
Miscellaneous	772,929	430,962
<b>Total</b>	<b>812,637</b>	<b>485,663</b>

*All amounts are in lei, if it is not otherwise presented*

In the various categories, the income related to the receipt and revaluation of the debt at the date of the compliance with the greenhouse gas certificates in the amount of 0.76 million lei, as well as revenues from the sale of scrap metal resulted from the scrapping in the amount of 0.01 million lei.

In 2010, the Group received a subsidy for investments amounting to 1.6 million lei, and in 2018 the company recognized as income for these subsidies the amount of 0.018 million lei. Subsidy income is recognized as amortization of the fixed assets it refers to.

The recognized grant refers to the 15% grant from the amount of credit received by the Group from EBRD sources for the energy efficiency project started in 2009 with the realization of the new brick factory in Recea.

<b>Other gains and losses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income from the sale of assets	256,315	77,751
Expenses from the sale of assets	(234,100)	(80,970)
Revenue from the cancellation of provisions	1,352,262	1,158,664
From setting-up provisions	-	-
<b>Gains and losses Total</b>	<b>1,374,477</b>	<b>1,155,445</b>

*All amounts are in lei, if it is not otherwise presented*

Income from reversals of provisions amounted 1.35 million lei (for more details see Note 20 "Provisions").

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 5. Operating expenses

<b>Other operating expenses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Utilities	2,266,886	2,335,294
Repairs	299,904	278,171
Rent	72,441	83,605
Insurance	205,306	293,396
Personal training	20,060	-
Commissions	176,744	138,785
Advertising	59,441	460,959
Travel and transport	2,367,385	2,329,671
Post and telecommunications	34,576	31,515
Other services provided by third parties	503,277	796,705
State budget taxes	508,040	423,968
Miscellaneous	295,270	281,657
<b>Total</b>	<b>6,809,330</b>	<b>7,453,726</b>

*All amounts are in lei, if it is not otherwise presented*

### 6. Personnel Expenses

Since 2014, the Group has implemented a comprehensive employee performance management system. The performance management system in Cemacon is based on the Balanced Scorecard methodology and is implemented in a 100% proportion at the individual level of each employee. Individual targets are set by cascading Cemacon annual targets at department / sub-department / person level.

The level of achievement of objectives is evaluated periodically, following the assessment of the employees receiving a monthly / quarterly and annual performance bonus proportional to the outcome of the assessment and the overall performance of the Group.

<b>Wages without key management</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Wages	2,586,050	1,839,512
Bonuses	2,137,913	1,430,687
Taxes and social contributions	106,420	770,850
Other benefits	<b>170,415</b>	158,601
<b>Total</b>	<b>5,000,798</b>	<b>4,199,650</b>
<b>Wages to be paid at the end of the period</b>	<b>587,941</b>	<b>461,580</b>

*All amounts are in lei, if it is not otherwise presented*

### Key management

Key management is made up of those individuals who have the authority and responsibility to plan, manage and control the Group's activities.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

a) *Allowances for members of the administrative, management and supervisory bodies.*

	31-Mar-18	31-Mar-17
<b>Indemnities Expenses:</b>		
Administrators	190,457	69,243
Remuneration directors	256,403	140,054
Bonuses to directors	-	-
Shares based payment	-	-
Taxes and contributions	10,123	46,809
<b>Total</b>	<b>456,983</b>	<b>256,106</b>
<b>Payment of Wages at the end of the period:</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Administrators	38,141	19,977
Directors	23,904	10,678
<b>Total</b>	<b>62,045</b>	<b>30,655</b>

*All amounts are in lei, if it is not otherwise presented*

In the first three months of the year 2018 the company had 2 executives: CEO – Stoleru Liviu-Ionel, CFO - Sologon Daniel.

Directors' incomes are composed of monthly remuneration supplemented by the annual bonus calculated on the basis of operating profit.

The current component (starting 28.04.2017) of the CEMACON SA Board of Directors is the following:

1. Mr. Liviu Stoleru;
2. Ms. Dana-Rodica Beju;
3. Ms. Ana Bobirca;
4. Ms. Anca Manitiu;
5. Mr. Rudolf Paul Vizental.

b) *Advances and credits to members of the management, management and supervisory bodies:*

In 2018, no advances and credits were granted to the members of the administrative, management and supervisory bodies.

### Employees

The structure and average number of employees is: 205.

<b>Average number of employees</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Administrative staff	65	67
Personnel in production	140	135
<b>Total</b>	<b>205</b>	<b>202</b>

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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### 7. Financial Income and expenses

<b>Financial Income</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income from interest	24,983	13,987
Exchange rate differences in income	237,430	166,282
<b>Total</b>	<b>262,413</b>	<b>180,269</b>

*All amounts are in lei, if it is not otherwise presented*

<b>Financial Expenses</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Interest costs	642,768	526,020
Other financial expenses	-	-
Exchange rate differences	237,992	212,738
<b>Total</b>	<b>880,760</b>	<b>738,757</b>

*All amounts are in lei, if it is not otherwise presented*

Financial expenses mainly consist of the following categories: expenses concerning interest 0.64 million lei, expenses relating to exchange rate differences related 0.23 million lei.

Financial revenues are revenues from interest income, 0.024 million lei and from exchange rate differences 0.23 million lei.

The structure of financial expenditure and income from Exchange rate differences for the period January-March 2018 is:

	Reev. Suppliers	Reev. Leasing	Reev. Cash	Reev. Credit	Total
Expenses relating to exchange rate differences	2,024	2,830	8,843	224,295	237,992
Revenues relating to exchange rate differences	6,834	347	-	230,249	237,430

### 8. Income Tax Expenses

<b>Current Tax</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Income tax expenses for the year profit	656,368	-
Adjustments for previous years profit	-	-
<b>Total current tax</b>	<b>656,368</b>	<b>-</b>

<b>Deffered Tax</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Total Deffered Tax at the beginning of the period	1,312,250	1,241,071
Temporary differences reverted	-	-
Receivables from deffered tax recognition which were not previously recognized	-	-
<b>Total deffered tax</b>	<b>1,312,250</b>	<b>1,241,071</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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In the normal course of business, transactions and calculations are made for which the determination of the final tax is uncertain. As a result, the company recognizes tax-based estimates based on the assurance that additional taxes and interest will be due. These liabilities or receivables are recognized, despite the fact that the entity believes that tax refund is probable, the entity believes that certain positions are probable to be challenged and not to be fully supported by a possible review of the tax authorities.

The Group considers that its tax liability commitments are appropriate for all years of open review, based on the assessment of many factors, including past experience and interpretations of tax legislation.

This assessment is based on estimates and assumptions and may involve a series of complex decisions about future events. To the extent that the final tax outcome of these transactions is different from the amounts recorded, these differences will have an impact on the profit tax expense in the period in which such determination is made.

### 9. Earnings per share

<b>Earnings per share</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Number of shares issued	113,990,218	113,990,218
Total profit / (loss)	6,104,657	(242,320)
<b>Total profit / (loss) per share</b>	<b>0.0536</b>	<b>(0.0021)</b>

*All amounts are in lei, if it is not otherwise presented*

The basic share result was calculated by dividing the profit to the weighted average of ordinary shares outstanding during the period.

For details on the number of shares, see Note 23 - "Social Capital".

### 10. Dividends

In 2018 the Group did not grant dividends.

Under the credit agreement No. RQ16086906837361 of December 20, 2016 concluded between Cemacon SA and Cec Bank SA, the dividends can be granted only with the bank's prior consent.

**CEMACON SA**

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

**11. Tangible assets**

Gross value of fixed assets 31 March 2018

<b>Tangible assets</b>	<b>Initial balance</b>	<b>Acquisitions</b>	<b>Valuable increases</b>	<b>Revaluation increases</b>	<b>Cessions</b>	<b>Reductions from revaluation</b>	<b>Final balance</b>
Land	5,794,115	-	-	-	(90,490)	-	5,703,625
Land improvement	518,214	-	-	-	-	-	518,214
Construction	38,920,859	-	28,684	-	(398,567)	-	38,550,976
Machines, Installations and Machinery	109,552,843	1,126,699	169,987	-	(45,333)	-	110,804,196
Furniture and Office Equipment	314,662	-	-	-	-	-	314,662
Fixed Assets in Progress	3,055,454	4,834,095	-	-	(1,325,370)	-	6,564,178
Advance payments for tangible assets	797,542	209,263	-	-	(6)	-	1,006,798
<b>Total</b>	<b>158,953,689</b>	<b>6,170,057</b>	<b>198,671</b>	<b>-</b>	<b>(1,859,766)</b>	<b>-</b>	<b>163,462,650</b>

*All amounts are in lei, if it is not otherwise presented*

Gross value of fixed assets 31 December 2017

<b>Tangible assets</b>	<b>Initial balance</b>	<b>Acquisitions</b>	<b>Valuable increases</b>	<b>Revaluation increases</b>	<b>Cessions</b>	<b>Reductions from revaluation</b>	<b>Final balance</b>
Land	5,734,626	-	59,489	-	-	-	5,794,115
Land improvement	437,209	81,005	-	-	-	-	518,214
Construction	34,728,829	413,529	3,778,501	-	-	-	38,920,859
Machines, Installations and Machinery	104,265,680	3,537,797	2,290,753	-	(541,387)	-	109,552,843
Furniture and Office Equipment	230,074	51,638	32,950	-	-	-	314,662
Fixed Assets in Progress	1,758,418	11,471,337	-	-	(10,174,302)	-	3,055,454
Advance payments for tangible assets	292,782	505,598	-	-	(838)	-	797,542
<b>Total</b>	<b>147,447,618</b>	<b>16,060,904</b>	<b>6,161,693</b>	<b>-</b>	<b>(10,716,527)</b>	<b>-</b>	<b>158,953,689</b>

*All amounts are in lei, if it is not otherwise presented*

**CEMACON SA**

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

**Tangible Assets (Continued)**

Value of amortization and impairment adjustments 31 March 2018

<b>Depreciation and impairment</b>	<b>Initial balance</b>	<b>Depreciation and depreciation during the year</b>	<b>Depreciation related to fixed assets ceded</b>	<b>Depreciation of fixed assets held for sale</b>	<b>Adjustments made in the year</b>	<b>Adjustments to income</b>	<b>Final balance</b>
Depreciation for land improvements	268,947	-	-	-	-	-	268,947
Depreciation for buildings	3,054,259	410,761	-	-	-	-	3,465,020
Depreciation for Machines, Installations and Machinery	33,851,542	1,310,394	45,170	-	-	-	35,116,766
Depreciation for Furniture and Office Equipment	109,661	8,787	-	-	-	-	118,448
Adjustments for land impairment	68,124	-	-	-	-	-	68,124
Adjustments for Machines, Installations and Machinery impairment	-	-	-	-	-	-	-
<b>Total</b>	<b>37,352,533</b>	<b>1,729,942</b>	<b>45,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,037,306</b>

*All amounts are in lei, if it is not otherwise presented*

Value of amortization and impairment adjustments 31 December 2017

<b>Depreciation and impairment</b>	<b>Initial balance</b>	<b>Depreciation and depreciation during the year</b>	<b>Depreciation related to fixed assets ceded</b>	<b>Depreciation of fixed assets held for sale</b>	<b>Adjustments made in the year</b>	<b>Adjustments to income</b>	<b>Final balance</b>
Depreciation for land improvements	224,483	44,464	-	-	-	-	268,947
Depreciation for buildings	1,516,334	1,537,925	-	-	-	-	3,054,259
Depreciation for Machines, Installations and Machinery	28,863,869	5,373,233	385,560	-	-	-	33,851,542
Depreciation for Furniture and Office Equipment	85,241	28,585	4,165	-	-	-	109,661
Adjustments for land impairment	68,124	-	-	-	-	-	68,124
Adjustments for Machines, Installations and Machinery impairment	-	-	-	-	-	-	-
<b>Total</b>	<b>30,758,051</b>	<b>6,984,207</b>	<b>389,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,352,533</b>

*All amounts are in lei, if it is not otherwise presented*

**CEMACON SA**

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

**Tangible Assets (Continued)**

Net asset value on 31 March 2018

<b>Assets 31 March 2017</b>	<b>Gross value at 31 March 2018</b>	<b>Depreciation</b>	<b>Adjustments</b>	<b>Net value 31 March 2018</b>
Land	5,703,625	-	(68,124)	5,635,501
Land improvement	518,214	(268,947)	-	249,267
Construction	38,550,976	(3,465,020)	-	35,085,956
Machines, Installations and Machinery	110,804,196	(35,116,766)	-	75,687,430
Furniture and Office Equipment	314,662	(118,448)	-	196,214
Fixed Assets in Progress	6,564,178	-	-	6,564,178
Advance payments for tangible assets	1,006,798	-	-	1,006,798
<b>Total</b>	<b>163,462,650</b>	<b>(38,969,181)</b>	<b>(68,124)</b>	<b>124,425,345</b>

*All amounts are in lei, if it is not otherwise presented*

Net asset value on 31 Decembrie 2017

<b>Assets 31 December 2017</b>	<b>Gross value at 31 Dec 2017</b>	<b>Depreciation</b>	<b>Adjustments</b>	<b>Net value 31 Dec 2017</b>
Land	5,794,115	-	(68,124)	5,725,991
Land improvement	518,214	(268,947)	-	249,267
Construction	38,920,859	(3,054,259)	-	35,866,600
Machines, Installations and Machinery	109,552,843	(33,851,542)	-	75,701,301
Furniture and Office Equipment	314,662	(109,661)	-	205,001
Fixed Assets in Progress	3,055,454	-	-	3,055,454
Advance payments for tangible assets	797,542	-	-	797,542
<b>Total</b>	<b>158,953,689</b>	<b>(37,284,409)</b>	<b>(68,124)</b>	<b>121,601,156</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 12. Intangible assets

The intangible asset structure is:

#### 31 March 2018

Intangible assets	Initial balance	Internal Developments	Acquisitions	Cessions	Final balance
Development costs	771,343	-	-	-	771,343
Concessions, licenses, patents	124,724	-	-	-	124,724
Other intangible assets	305,852	-	1,032,672	(896,927)	441,597
<b>Total</b>	<b>1,201,919</b>	<b>-</b>	<b>1,032,672</b>	<b>(896,927)</b>	<b>1,337,664</b>

#### 31 Decembrie 2017

Intangible assets	Initial balance	Internal Developments	Acquisitions	Cessions	Final balance
Development costs	771,343	-	-	-	771,343
Concessions, licenses, patents	119,316	-	5,408	-	124,724
Other intangible assets	106,411	-	1,087,582	(888,141)	305,852
<b>Total</b>	<b>997,070</b>	<b>-</b>	<b>1,092,990</b>	<b>(888,141)</b>	<b>1,201,919</b>

*All amounts are in lei, if it is not otherwise presented*

The structure of amortization and value adjustments for intangible assets is as follows:

Depreciation and Adjustments 31 March 2018	Initial balance	Depreciation In year	Impairment Adjustments	Final balance
Development costs	574,199	23,077	-	597,277
Concessions, licenses, patents	104,633	3,060	-	107,694
Other intangible assets	104,964	604	-	105,568
<b>Total</b>	<b>783,796</b>	<b>26,742</b>	<b>-</b>	<b>810,538</b>

Depreciation and Adjustments 31 December 2017	Initial balance	Depreciation In year	Impairment Adjustments	Final balance
Development costs	481,886	92,313	-	574,199
Concessions, licenses, patents	87,658	16,975	-	104,633
Other intangible assets	93,320	11,644	-	104,964
<b>Total</b>	<b>662,864</b>	<b>120,932</b>	<b>-</b>	<b>783,796</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### Net value of intangible assets:

Intangible Asset	2018		2017	
	Inventory Value	Net Value	Inventory Value	Net Value
Development costs	771,343	174,066	771,343	197,144
Concessions, licenses, patents	124,724	17,030	124,724	20,091
Other intangible assets	441,597	336,030	305,852	200,889
<b>Total</b>	<b>1,337,664</b>	<b>527,127</b>	<b>1,201,919</b>	<b>418,124</b>

*All amounts are in lei, if it is not otherwise presented*

### 13. Goodwill and Impairment

The Group does not own on 31 March 2018 intangible assets in the form of a Goodwill.

Tangible and intangible assets are tested for impairment when facts and circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the fair value of the asset less the sale costs and the amount of use. To measure depreciation, assets are grouped to the lowest level at which there are separately identifiable cash flows.

### 14. Financial assets

The Group does not own on 31 March 2018 financial assets.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 15. Inventory

<b>Inventory</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Raw materials and consumables	4,228,677	4,689,513
Packing	2,160,646	2,200,288
Adjustments	(109,119)	(109,119)
WIP	80,313	62,000
Adjustments	-	-
Billets and finished products	4,390,458	3,187,679
Adjustments	(41,551)	(41,551)
Merchandise	1,076,823	841,033
Adjustments	(31,813)	(31,813)
<b>Total</b>	<b>11,754,433</b>	<b>10,798,030</b>

*All amounts are in lei, if it is not otherwise presented*

The cost of inventories recognized in the income statement has the following structure:

<b>Raw materials and consumables</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Raw materials	1,211,978	1,147,287
Auxiliary materials	905,357	794,845
Packing	1,044,699	769,989
Merchandise	562,919	241,307
Inventory items	19,599	22,841
Other consumables	7,159	5,405
Miscellaneous	1,225,414	853,003
<b>Total</b>	<b>4,977,125</b>	<b>3,834,677</b>

*All amounts are in lei, if it is not otherwise presented*

### Inventory Adjustments

Where necessary, adjustments are made for inventory items, physically or morally exploited. The net realizable value is estimated on the basis of the selling price less the sales costs.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

### 16. Commercial receivables and other receivables

<b>Trade receivables</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Adjustments for trade receivables	13,233,144	11,336,964
Intragroup receivables	(1,637,624)	(1,637,624)
Adjustments for intragroup receivables	-	-
Claims to associates / shareholders	-	-
Employees	-	-
Tax	-	-
Other receivables from the State Budget	-	-
Subsidies	603,153	539,488
Debtors and other receivables	-	-
Adjustments for other receivables	40,612	6,927
Interest to cash	-	-
Trade receivables	-	-
<b>Total financial assets other than cash, classified as loans and receivables</b>	<b>12,239,284</b>	<b>10,245,755</b>
Advance paid	467,000	418,382
<b>Total</b>	<b>12,706,284</b>	<b>10,664,137</b>

*All amounts are in lei, if it is not otherwise presented*

The structure of receivables on 31 March 2018 is as follows:

<b>Receivables age analysis</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Non-incidental receivables	8,794,099	7,609,147
Unadjusted outstanding receivables		
up to 3 months	3,680,138	2,915,225
between 3 and 6 months	156,317	8,089
between 6 and 12 months	450	8,446
over 12 months	75,279	123,230
<b>Total</b>	<b>12,706,284</b>	<b>10,664,137</b>

*All amounts are in lei, if it is not otherwise presented*

<b>Adjustments</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
At the beginning of the period	1,637,624	1,654,046
Established during the year	-	54,757
Cancellations not used	-	71,179
Exchange rate differences	-	-
<b>At the end of the period</b>	<b>1,637,624</b>	<b>1,637,624</b>

*All amounts are in lei, if it is not otherwise presented*

Permanent customer credit assessment is performed on the client's financial condition. In order to reduce credit risk, the Group has concluded a commercial credit insurance with Coface. As of December 31, 2017, the number of insured clients at Coface is 170. The total value of these insured limits provides significant coverage of the risk of non-payment.

The financial risk generated by foreign currency transactions has little impact on the Group's business activity; sales and earnings are made in the national currency (RON) without the sale price being affected by the exchange rate fluctuation, and the purchases in foreign currency are

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

below the 8% of the turnover.

The Group 's liquidity policy is to maintain sufficient liquidity to meet its obligations as they become due. The Group monitors liquidity through a regular budgeting process.

### 17. Commercial and similar debts

	31-Mar-18	31-Dec-17
<b>Commercial and similar debts</b>		
Commercial debt	5,619,949	7,445,749
Asset suppliers	293,992	429,095
Intragroup debts	-	-
Leasing liabilities	9,159	8,336
Debt on employees	684,818	628,630
Taxes and social contributions	1,204,827	681,531
Other tax liabilities	988,354	1,039,518
Other debts	307,665	1,055,598
Payment interest	1,184,302	1,105,225
<b>Total debt less loans, classified as measured at amortized cost</b>	<b>10,293,065</b>	<b>12,393,682</b>
Dividends	-	-
Advance payments	567,039	1,140,073
Income in advance	665,862	670,033
<b>Total</b>	<b>11,525,966</b>	<b>14,203,788</b>

*All amounts are in lei, if it is not otherwise presented*

### 18. Loans

Classification of short-term and long-term loans on March 31 is the following:

Loans	31-Mar-18	31-Dec-17
<b>Current</b>		
Short-term and overdraft loans	-	-
The current part of long-term loans	5,666,100	5,332,800
Bonds	-	-
Loans non-specialized institutions	-	-
Financial leasing	44,272	1,391,573
Other debts	87,886	-
Loans from affiliated parties	-	-
<b>Total Current Loans</b>	<b>5,798,258</b>	<b>6,724,373</b>

*All amounts are in lei, if it is not otherwise presented*

<b>Loans</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
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## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

<b>Long-term loans</b>		
Long-term loans	57,672,770	59,603,198
Bonds	-	-
Financial leasing	3,510,763	1,869,946
Other debts	-	-
Loans from affiliated parties	-	-
<b>Total long-term loans</b>	<b>61,183,533</b>	<b>61,473,144</b>
<b>Total Loans</b>	<b>66,981,791</b>	<b>68,197,517</b>

*All amounts are in lei, if it is not otherwise presented*

On the 31<sup>st</sup> of March 2018 the Group Cemacon SA has are contracted two loans from Cec Bank, in lei, and one loan from BCR in euro, as follows:

1. Investment loan agreement Contract contracte don the 20.12.2016 in amount of 54,000,000 lei for a period of 54 months, maturity date 31.12.2023. The cost of the new contracted loan is Robor 6M + Margin.
2. Credit facility agreement with a cap amount of 4,000,000 lei with maturity date 19.12.2019. The destination of the Facility is the financing of the current activity. The cost of the loan is Robor 6M + Margin. On the 31<sup>st</sup> of Dec. 2016 Cemacon SA did not have amounts used from the contracted credit facility.
3. Long-term loan from the Romanian Commercial Bank, by credit agreement no. 3 of 19 March 2015, in amount of EURO 5,000,000, maturity date 31.12.2019, with annual margin interest + EURIBOR 6M.

On the 31<sup>st</sup> of March 2018, following the loan restructuring, the loan structure is as follows:

Loan Institution	31-Mar-18		31-Dec-17	
	Lei	Currency	Lei	Currency
Romanian Commercial Bank	-	-	-	-
Romanian Commercial Bank	RON 16,954,620	€ 3,640,205	RON 17,218,548	€ 3,695,205
CEC Bank	RON 46,384,250	-	RON 47,717,450	-
Interest	RON 1,181,371	€ 253,664	RON 1,102,294	€ 236,559
<b>TOTAL</b>	<b>RON 64,520,241</b>	<b>€ 3,893,869</b>	<b>RON 66,038,292</b>	<b>€ 3,931,764</b>

The bank guarantees consisting in non-current assets and inventories as at the 31<sup>st</sup> of March, 2018 related to the contracted loans have the following structure:

Pledged and restricted tangible assets	31-Mar-18	31-Dec-17
Land and buildings	19,017,875	19,017,875
Assets	65,571,803	65,571,803
Inventories	5,663,784	5,663,784
<b>Total</b>	<b>90,253,462</b>	<b>90,253,462</b>

*All amounts are in lei, if it is not otherwise presented*

The value of the land and buildings was assessed on 01.08.2017, respectively on 13.07.2016, based on the evaluation study carried out by Ev. Felecan Luminita Eugenia, as mentioned in the loan agreement.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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The value of the assets was valued on 01.08.2017, respectively on 13.07.2016, as stated in the loan agreement.

Actual warranty GS rank 1 stocks of raw materials, semi-finished products, finished products and goods and of SC CEMACON SA, was assessed as at 30.09.2017 (in amount of 5,663,784 lei).

Security interest in real property without dispossession of the credit balance of the accounts/subaccounts opened by the Group at the Bank, in the Electronic Archive for Security Interests in Movable Property registered;

Assignment of all receivables and present and future revenues that arise from or in connection with the present and future trade agreements.

First lien mortgage over: banking accounts, amounts of money from accounts, insurances, debts, tangible assets, intellectual property rights.

### 19. Employee's Benefits

The debts regarding the employees' benefits consist of indemnity for annual leave which is annually granted for the leaves used in the reference year. For the unused leaves, the Group established at the end of the year a provision for unused leaves.

Upon retirement, according to the collective labour agreement valid in 2017, the employees shall receive once, according to the seniority in the company, the following indemnities:

< 5 years	0
5 – 20 years	1 individual salary on the retirement date
> 20 years	2 individual salaries on the retirement date

For this type of indemnity, the Group established a provision with the value of benefits granted at retirement. For details, see note 20 Provisions.

<b>Employee's benefits</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Benefits upon retirement	414,509	414,509
Provision related to the annual leave	360,739	360,739
Employee Bonuses	7,800	1,360,062
Management bonuses	1,808,872	1,808,872
<b>Total</b>	<b>2,591,920</b>	<b>3,944,182</b>

*All amounts are in lei, if it is not otherwise presented*

<b>Structure of Benefits</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Short-term	2,177,411	3,529,673
Long-term	414,509	414,509
<b>Total</b>	<b>2,591,920</b>	<b>3,944,182</b>

*All amounts are in lei, if it is not otherwise presented*

In case of unjust dismissal of the General Manager, he/she shall be entitled in addition to other compensations under the law or this agreement to receive an amount equal to the remaining amount which he/she would have received until the end of term, but not more than EURO 60,000 (in net amount), as compensation for his/her dismissal.

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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In case of unjust dismissal of the Financial Manager, he/she shall be entitled in addition to other compensations under the law or this agreement to receive an amount equal to the remaining amount which he/she would have received until the end of term, but not more than EURO 48,000 (in net amount), as compensation for his/her dismissal.

In case of unjust dismissal of the President of the Board of Directors, he/she shall be entitled in addition to other compensations under the law or this agreement to receive an amount equal to the remaining amount which he/she would have received until the end of term, but not more than EURO 60,000 (in net amount), as compensation for his/her dismissal.

### 20. Provisions

The structure of provisions on the 31<sup>st</sup> of March 2018 is the following:

Provision	Initial balance	Additional provisions	Used amounts	Increases regarding the discount of amounts once with the passing of time	Final balance	Provision
Disputes	80,081	-	-	-	-	80,081
Unused leaves	360,739	-	-	-	-	360,739
Pensions	414,509	-	-	-	-	414,509
Environmental reclamation provision	531,011	-	-	-	-	531,011
Bonus provision for employees	1,360,062	(1,352,262)	-	-	-	7,800
Bonus provision for management	1,808,872	-	-	-	-	1,808,872
Bonus provision for administrators	556,018	-	-	-	-	556,018
Other provisions	247,037	-	-	-	-	247,037
<b>Total</b>	<b>5,358,329</b>	<b>(1,352,262)</b>	-	-	-	<b>4,006,067</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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The structure of short-term and long-term provisions is the following:

<b>Structure of provisions</b>	<b>Short-term</b>	<b>Long-term</b>
Disputes	80,081	-
Unused leaves	360,739	-
Pensions	-	414,509
Environmental reclamation provision	-	531,011
Other provisions	2,619,727	-
<b>Total</b>	<b>3,060,547</b>	<b>945,520</b>

*All amounts are in lei, if it is not otherwise presented*

Throughout 2018, the company reversed the provision for employee bonuses, given its employees.

On March 31, 2018, the Company had provisions for risks and expenses amounting to RON 4,006 million. The main amounts refer to:

1. Provision for employee bonus, management and administrators in the amount of 2.37 million lei;
2. Provision for environment recovery in the amount of 0.53 million lei;
3. Provision for pensions amounting 0.41 million lei;
4. Provision for unpaid leave in the amount of 0.36 million lei;
5. Other provisions amounting to 0.33 million lei.

A breakdown of these is found in the individual financial statements as at 31.12.2017.

**CEMACON SA**

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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The state of disputes on March 31, 2018 is:

<b>Plaintiff</b>	<b>Defendant</b>	<b>Object</b>	<b>Court</b>	<b>Stage</b>	<b>Value of dispute</b>	<b>Explanations</b>
SZAKACS JANOS PRIN AV. BORTOS CRISTIAN	CEMACON	Labor litigation	Tribunalul Mures	Fond	salary rights in the amount of 50,166 lei - calculated for the estimated period 17.03- 31.12.2017 + legal fees	Litigation promoted by former employee Szakacs Janos against the decision to terminate CIM for professional misconduct --art. 61 lit. d) Labor Code
Dan Paul	CEMACON	Litigation with professionals - action for annulment of GMS decision	Tribunalul Specializat Cluj	Fond	Undetermined	Litigation promoted by a shareholder with the purpose of ascertaining the absolute nullity of the decision No. 1 dated 24.03.2014 of the Extraordinary General Meeting of the Shareholders of Cemacon SA, and consequently the nullity of all the subsequent acts concluded on the basis thereof

**CEMACON SA**

Note la situatiile financiare individuale (*Notes to individual financial statements*)  
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**21. Deferred Taxes**

	31-Mar-18	31-Dec-17
Deferred tax		
<b>Total deferred tax</b>	<b>(1,312,250)</b>	<b>(1,312,250)</b>
<b>Total deferred tax liability</b>	<b>(1,312,250)</b>	<b>(1,312,250)</b>

*All amounts are in lei, if it is not otherwise presented*

Deferred tax is calculated on the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

For Recea production plant equipment, the company calculates depreciation per product unit, in which case there is a difference between the depreciation calculated on the tax and the applied method. For this difference, the company calculates and records deferred income tax.

**22. Assets held for sale**

The assets representing lands, buildings and equipment from Zalau were classified for sale, starting from year 2015, considering the Group's intention to sell them.

Each each the Group's management analyzes the intention of selling the assets so that they can be treated as assets classified as for sale; in 2016 a land of 25,315 square meters was sold to Dedeman SRL.

On 31.03.2018 the following groups of assets are classified as for sale:

Fixed assets	Book value on 31 Dec 2017	Outflows	Inflows	Book value on 31 Mar 2018
Fields	3,349,153	(8,948)	90,490	3,430,695
Buildings	5,599,292	(225,152)	398,567	5,772,707
Machinery, Plant, Equipment	10,102,653	-	-	10,102,653
Furniture and office equipment	8,386	-	-	8,386
Tangible assets in progress	179,219	-	-	179,219
<b>Total</b>	<b>19,238,703</b>	<b>(234,100)</b>	<b>489,057</b>	<b>19,493,660</b>

*All amounts are in lei, if it is not otherwise presented*

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Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
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**23. Share capital**

On March 31, 2018, the share capital structure is:

<b>Structure of share capital</b>	<b>31-Mar-18</b>	<b>31-Dec-17</b>
Number of authorized actions	113,990,218 buc	113,990,218 buc
Number of shares subscribed and paid	113,990,218 buc	113,990,218 buc
Number of subscribed and unpaid shares	-	-
The nominal value of an action	0.10 lei	0.10 lei

All shares of the company are common and have the same voting rights.

Capital structure movements in the year 2018 can be seen in the following table:

	<b>31-Mar-18</b>		<b>31-Dec-17</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
Ordinary shares of 0.1 Lei each	113,990,218 buc	11,399,022 lei	113,990,218 buc	11,399,022 lei
Discounts by embedding losses	-	-	-	-
Emissions during the year	-	-	-	-
Acquisition of own shares	-	-	-	-
<b>TOTAL</b>	<b>113,990,218 lei</b>	<b>11,399,022 lei</b>	<b>113,990,218 lei</b>	<b>11,399,022 lei</b>

The shareholding structure on 31 December 2017 consists of:

<b>Shareholder</b>	<b>Shares</b>	<b>Percent</b>
S.C. DEDEMAN S.R.L.	46.480.783	40.7761%
BUSINESS CAPITAL FOR ROMANIA-OPPORTUNITY FUND COOPERATIEF U.A. loc. AMSTERDAM NLD	37.616.768	33.0000%
alti actionari / others	17.437.718	15.2976%
S. CIT RESOURCES S.A.	12.454.949	10.9263%
<b>TOTAL</b>	<b>113.990.218</b>	<b>100.0000%</b>

Source: DEPOZITARUL CENTRAL Data: 12/31/2017

As a result of the transactions on the capital market in 2018, the shareholding structure on 31 March 2018 is composed of:

<b>Shareholder</b>	<b>Shares</b>	<b>Percent</b>
S.C. DEDEMAN S.R.L.	46.480.783	40.7761%
BUSINESS CAPITAL FOR ROMANIA-OPPORTUNITY FUND COOPERATIEF U.A. loc. AMSTERDAM NLD	37.616.768	33.0000%
Pers.Juridice	20.377.650	17.8767%
Pers.Fizice	9.515.017	8.3472%
<b>TOTAL</b>	<b>113.990.218</b>	<b>100.0000%</b>

Source: DEPOZITARUL CENTRAL Data: 03/05/2018

**CEMACON SA**

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

**24. Reserves**

The following describe the nature and type of each reserve in equity:

<b>Reserve type</b>	<b>Description and purpose</b>
<i>Legal reserve</i>	They are constituted annually from the entity's profit in the allowances and limits provided by the law. In 2017 the limits are 5% applied to the accounting profit until it reaches 20% of the subscribed capital subscribed. As at March 2018 the Group did not book any legal reserve.
<i>Revaluation reserves</i>	Revaluation reserves consist of differences arising from the revaluation of property, plant and equipment. Evidence of revaluation reserves is made on each type of asset and on each revaluation operation that has taken place. In 2018, the Group did not re-evaluate and did not record revaluation reserves.
<i>Other Reserves</i>	There are other unpredictable reserves, which have been constituted on a voluntary basis for the net profit for covering the accounting losses or for other purposes, according to the decision of the general meeting of the shareholders, in compliance with the legal provisions. As at March 2018 the Group did not book other reserves.

<b>Reserve type</b>	<b>Initial balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Final balance</b>
Legal reserves	2,279,843	-	-	2,279,843
Revaluation reserves	19,824,659	-	-	19,824,659
Reserves related to reinvested profit	4,257,486	-	-	4,257,486
Other reserve	1,700,933			1,700,933
<b>Total</b>	<b>28,062,921</b>	<b>-</b>	<b>-</b>	<b>28,062,921</b>

*All amounts are in lei, if it is not otherwise presented*

**25. Leasing**

On 31 March 2018, the Company had concluded financial leasing contracts with the following Leasing companies:

<b>The leasing company</b>	<b>Lease type</b>	<b>Leasing assets</b>
PORSCHE LEASING ROMANIA IFN	Leasing Financiar	Masini
IMPULS LEASING	Leasing Financiar	Masini si utilaje
UNICREDIT LEASING CORPORATION IFN	Leasing Financiar	Utilaj
BT LEASING	Leasing Financiar	Utilaj

**CEMACON SA**

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
 pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

The statement of financial lease liabilities as at 31 March 2018 is as follows:

<b>Leased Assets</b>	<b>Initial balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Final balance</b>
Vehicles	518,567	-	84,999	433,568
Machines	2,660,438	751,393	290,364	3,121,467
<b>Total</b>	<b>3,179,005</b>	<b>751,393</b>	<b>375,363</b>	<b>3,555,035</b>

*All amounts are in lei, if it is not otherwise presented*

The maturity of lease payments is presented in the following table:

**31.03.2018**

<b>Maturity of Leasing Payments</b>	<b>Total value</b>	<b>Interest</b>	<b>Net value</b>
less than 1 year	542,926	106,476	442,450
between 1 and 5 years	3,312,384	199,799	3,112,585
over 5 years	-	-	-
<b>Total</b>	<b>3,855,310</b>	<b>300,275</b>	<b>3,555,035</b>

*All amounts are in lei, if it is not otherwise presented*

**31.12.2017**

<b>Maturity of Leasing Payments</b>	<b>Total value</b>	<b>Interest</b>	<b>Net value</b>
less than 1 year	1,415,510	106,451	1,309,059
between 1 and 5 years	1,982,933	112,987	1,869,946
over 5 years	-	-	-
<b>Total</b>	<b>3,398,443</b>	<b>219,438</b>	<b>3,179,005</b>

*All amounts are in lei, if it is not otherwise presented*

## CEMACON SA

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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### 26. Related parties transactions

The company's affiliates in 2018 are:

- DEDEMAN SRL with registered office in loc Bacău, Str. Alexei Tolstoy, nr. 8, 600093, C.I.F.: RO 2816464, Nr.Ord.Reg.Com.: J04/2621/1992 – significant shareholder;
- PIF INDUSTRIAL SRL with registered office in loc Bacău, Str. Alexei Tolstoy, nr. 8, CUI 18227759, Nr.Ord.Reg.Com.: J4/2200/2005 – shareholder;
- Business Capital for Romania – Opportunity Fund Cooperatief U.A., Olanda;
- CIT RESOURCES SA with registered office in loc Bucuresti, sector 2, str. Gara Herastrau, nr. 4, CUI 35352514, Nr.Ord.Reg.Com.: J40/15580/2015 – significant shareholder;
- Consultanta Andrei&Andrei Srl with registered office in loc. Bucuresti, sector.1, str jandarmeriei, nr.14, bl A2, sc.3, ap.2; CIF: RO 17345454, R.C J40/14670/2011; shareholder;
- VIZENTAL MONEY MANAGEMENT SRL with registered office in loc Arad, str. Poetului, nr.61, CUI 24756193, Nr.Ord.Reg.Com.: J02/2004/2008 –controlled by member of the Board of Directors Rudolf-Paul Vizental;
- Cemacon Real Estate with registered office in Jud. Salaj, Mun. Zalau, Str. Fabricii, Nr.1, CUI RO 32604048; 100% investee of the company Cemacon SA; the group consisting of Cemacon SA and Cemacon Real Estate respectively, prepares consolidated financial statements as at 31 March 2018;
- RSL Capital Advisors Srl – Strada Căpitan Gheorghe Mărășoiu, București CUI 33165056;
- Orion Strategy Solution Srl with registered office in jud. Cluj, loc. Cluj-Napoca, str Artelor, nr. 7; CIF Ro26118990; R.C. J12/3026/2013; President of Board of Directors Cemacon SA, Liviu-Ionel Stoleru CEO Cemacon SA is the Director of Orion Strategy Solution Srl and representative of this entity in the Board of Directors of Cemacon SA;
- Liviu-Ionel Stoleru – General Manager and President of Board of Directors
- Sologon Daniel – Financial Director
- Ana-Barbara Bobirca – member of the Board of Directors
- Dana-Rodica Beju – member of the Board of Directors
- Anca Manitiu – member of the Board of Directors
- Rudolf-Paul Vizental – member of the Board of Directors

**CEMACON SA**

Note la situatiile financiare individuale *(Notes to individual financial statements)*  
 pentru perioada incheiata la 31 Martie 2018 *(for the period ended 31 Martie 2018)*

**Related parties transactions** *(Continued)*

Transactions with affiliated parties are summarized in the following table:

<b>Related parties</b>	<b>Sales</b>		<b>Aquisitions</b>	
	<b>1 Jan - 31martie 2018</b>	<b>1 Jan - 31Dec. 2017</b>	<b>1 Jan - 31martie 2018</b>	<b>1 Jan - 31Dec. 2017</b>
Consultanta Andrei&Andrei Srl	-	-	-	102,929
Orion Strategy Solution Srl	-	-	-	283,458
Dedeman SRL	3,346,326	3,818,024	44,452	135,905
RSL Capital Advisors SRL	-	-	-	20,544
<b>Total</b>	<b>3,346,326</b>	<b>3,818,024</b>	<b>44,452</b>	<b>542,836</b>

*All amounts are in lei, if it is not otherwise presented*

Balances with affiliated parties are summarized in the following table:

<b>Related parties</b>	<b>Receivables from related parties</b>		<b>Debts to related parties</b>		<b>Loans</b>	
	<b>31-Mar-2018</b>	<b>31-Dec-17</b>	<b>31-Mar-2018</b>	<b>31-Dec-17</b>	<b>01.01.2018-31.03.2018</b>	<b>01.01.2017-31.12.2017</b>
Consultanta Andrei&Andrei Srl	-	-	-	-	-	-
Orion Strategy Solution Srl	-	-	-	-	-	-
Dedeman SRL	239,448	-	12,876	56,115	-	-
RSL Capital Advisors SRL	-	-	-	-	-	-
<b>Total</b>	<b>239,448</b>	<b>-</b>	<b>12,876</b>	<b>56,115</b>	<b>-</b>	<b>-</b>

*All amounts are in lei, if it is not otherwise presented*

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Note la situatiile financiare individuale (Notes to individual financial statements)  
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### 27. Cash and cash equivalents

Cash and cash equivalents	31-Mar-18	31-Dec-17
Available in the bank	29,710,900	34,512,643
Cash and cash equivalents	6,481	14,246
<b>Total</b>	<b>29,717,381</b>	<b>34,526,889</b>

All amounts are in lei, if it is not otherwise presented

On March 31, 2018, there are no financial instruments that generate exposure to credit risk. Cash balances denominated in foreign currency at 31 March 2018 are not material.

### 28. Adjustments of accounting errors

During January-March 2018, the Group did not record corrections of accounting errors, related to the previous years.

### 29. Share-based payment

Between January and March 2018, the Group did not record changes in share-based payment as presented in the financial statements as of December 31, 2017.

### 30. Other information

#### **Segment Reporting:**

The Group has a single reporting segment, represented by the production and marketing of building bricks. The nature of the products in the range of the Group is similar, as well as their production process. Also, the nature of the economic and legislative environment to which the Group is subject is the same for all the production and marketing activities undertaken by the Group.

The Group does not record significant sales on the foreign market that would meet the reporting criteria of a distinct segment. The assets held by the Group are fully located within Romania and are used to produce and market the products mentioned above. Also, all liabilities, respectively the results recorded in the individual financial statements, are exclusively related to the only segment of the Group 's activity, represented by the production and marketing of building bricks.

#### **Information on Company Presentation:**

Cemaccon SA is a Romanian legal person, founded as a joint stock company based on GD No.1200 / 1991 with headquarters in Cluj-Napoca, 48, Dorobantilor str., Silver Business Center building, 1st floor, Cluj county. The company's main activity is "Manufacture of bricks, tiles and other construction products, from burned clay".

**Conversion bases used to express in national currency assets and liabilities, income and expenses originally denominated in a foreign currency:**

## CEMACON SA

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

The way used for expressing in the national currency the assets, income and expenses highlighted in a foreign currency is presented in Note 1. Main exchange rates used to convert foreign currency denominated balances into lei at 31 December 2017 and 31 March 2018 are:

Foreign currency	Abbreviation	Exchange rate	
		31-Mar-18	31-Dec-17
US Dollar	USD	3.7779	3.8915
Euro	EUR	4.6576	4.6597

### ***Fees paid to auditors:***

All fees paid refer to audit services on the consolidated financial statements prepared by the Group in accordance with IFRS. The Group paid during the year ended December 31, 2017 the fees to the auditors in accordance with the contract concluded between the parties. The auditor of the Group is SC Deloitte Audit SRL.

### ***Amendments:***

Administrators do not have the right to subsequently amend the financial statements.

The financial statements together with the notes to the financial statements are authorized to be issued on May 10, 2018. It is not possible for the financial statements to be amended after they have been issued.

The quarterly financial statements were not audited.

## **31. Contingencies**

### ***Contingent debts***

In the context of Cemacon SA's bank debt restructuring, completed in September 2015, Cemacon SA undertook to guarantee the payment obligation of Cemacon Real Estate SRL, a 100% owned Cemacon SA, and constituted a creditor (BCR) favoring the first-rate mortgage on all the shares owned by him in Cemacon Real Estate, as well as a personal guarantee (fidejusiune), up to a maximum of 3,000,000 euros.

Net book value of the assets held for sale in the company Cemacon Real Estate SRL amounted to 17,901,689 lei (3,843,544 euros, calculated at the lei / euro exchange rate communicated by the National Bank of Romania on December 31, 2016) representing 102% of the value of Cemacon Real debt Estate SRL to the Romanian Commercial Bank.

Based on the sale transactions concluded in 2016 and the information on the real estate market, Cemacon SA's management considers that an outflow of resources from the level of the existing fiduciary between Cemacon SA and Cemacon Real Estate SRL is unlikely at the end of the 5 year period of the latter's credit .

### ***Taxation***

## CEMACON SA

Note la situatiile financiare consolidate (*Notes to consolidated financial statements*)  
pentru perioada incheiata la 31 Martie 2018 (*for the period ended 31 Martie 2018*)

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The Group considers that it has paid in full and in full all taxes, penalties, penalties and penalties, insofar as this is the case.

All amounts due to the State for taxes have been paid or recorded at the balance sheet date. The fiscal system in Romania is undergoing consolidation and harmonization with European legislation, with different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payments (applied to the actual payment amounts). Therefore, the fiscal sanctions resulting from violations of the legal provisions may reach significant amounts to be paid to the state.

In Romania, the fiscal exercise remains open for verification for a period of 5 years.

### ***Transfer price***

In accordance with relevant tax legislation, the tax assessment of a transaction with affiliated parties is based on the concept of market price for that transaction. Based on this concept, transfer pricing needs to be adjusted to reflect market prices that would have been set between entities that do not have an affiliate relationship and that act independently, based on "normal market conditions".

It is likely that transfer pricing checks will be carried out in the future by tax authorities to determine whether those prices comply with the "normal market conditions" principle and that the taxpayer's taxable base is not distorted.

**Chief Executive Officer**

Stoleru Liviu

Signature \_\_\_\_\_

**Chief Financial Officer**

Sologon Daniel

Signature \_\_\_\_\_

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