

S.C. ROMCARBON S.A.

Half-Year Report regarding the
Separate Financial Statements for the
period ended June 30,2019

HALF-YEAR REPORT REGARDING THE SEPARATE FINANCIAL STATEMENTS

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SEPARATE FINANCIAL STATEMENTS

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S.C. ROMCARBON S.A.

Half-Year report according with FSA regulation (5/2018)

Date of release: 14.08.2019

Reporting date: 30.06.2019

Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , 132, Transilvaniei street

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

Subscribed and paid up share capital: RON 26,412,209.60

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

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

LANGUAGE DISCLAIMER

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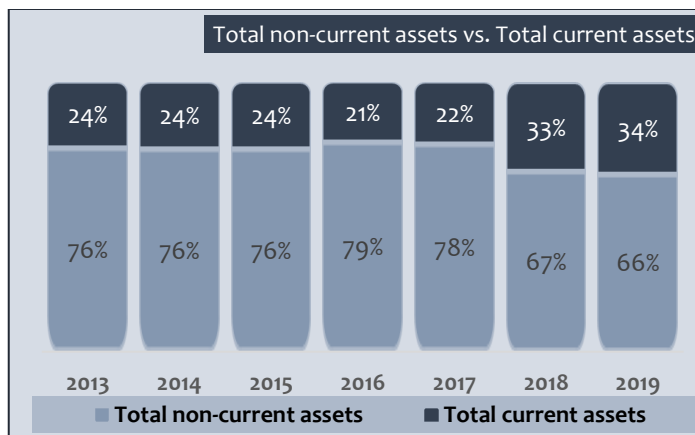
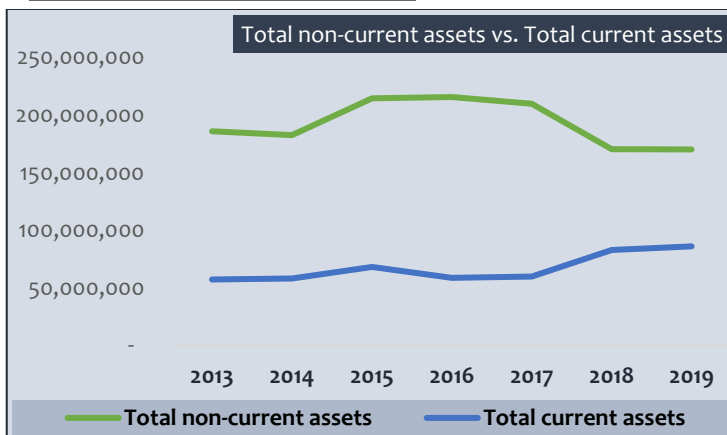


1. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

1.1 STATEMENT OF THE FINANCIAL POSITION

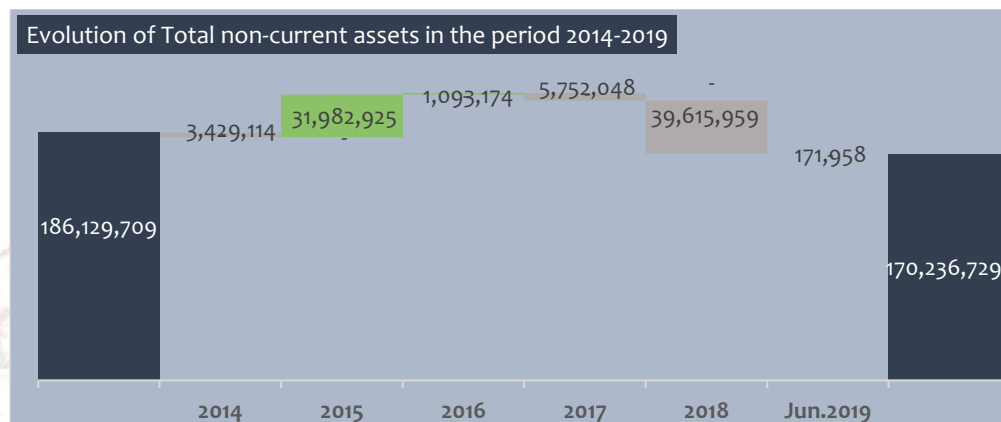
Indicator	30.06.2018	31.12.2018	30.06.2019	30.06.2019 vs. 31.12.2018	
Property, plant and equipment	134,044,837	130,049,723	124,772,510	-5,277,213	▼ -4.06%
Investment property	46,444,399	18,033,515	18,033,515	0	— 0.00%
Intangible assets	124,534	78,269	345,123	266,854	▲ 340.95%
Financial assets	22,247,181	22,247,181	27,085,581	4,838,400	▲ 21.75%
Total non-current assets	202,860,951	170,408,687	170,236,729	-171,958	▼ -0.10%
Non-current assets held for sale	0	16,000,390	15,607,875	-392,515	▼ -2.45%
Inventories	19,801,009	20,695,919	22,568,153	1,872,234	▲ 9.05%
Trade and other receivables	43,035,299	35,722,416	43,942,933	8,220,517	▲ 23.01%
Amounts to receive from affiliates (financial)	117,270	6,174,452	0	-6,174,452	▼
Other assets	1,666,846	1,007,913	1,493,311	485,398	▲ 48.16%
Cash and bank balances	8,228,909	3,331,011	2,404,233	-926,778	▼ -27.82%
Total current assets	72,849,333	82,932,101	86,016,505	3,084,404	▲ 3.72%
Total assets	275,710,284	253,340,788	256,253,234	2,912,446	▲ 1.15%
Issued capital	26,412,210	26,412,210	26,412,210	0	— 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	52,816,459	58,492,792	58,111,814	-380,978	▼ -0.65%
Retained earnings	56,950,287	50,103,010	50,225,493	122,483	▲ 0.24%
Total equity	138,361,239	137,190,295	136,931,800	-258,495	▼ -0.19%
Borrowings [Long-term]	29,382,287	22,666,822	19,075,973	-3,590,849	▼ -15.84%
Deferred tax liabilities	10,758,395	8,902,075	8,902,075	0	— 0.00%
Deferred income	16,544,889	15,413,305	14,180,641	-1,232,664	▼ -8.00%
Total non-current liabilities	56,685,571	46,982,202	42,158,689	-4,823,513	▼ -10.27%
Trade and other payables	33,294,225	24,537,065	31,570,852	7,033,787	▲ 28.67%
Borrowings [Short – term]	42,302,944	39,935,674	40,172,270	236,596	▲ 0.59%
Deferred revenue	2,297,676	2,265,476	2,348,581	83,105	▲ 3.67%
Other liabilities	2,768,629	2,430,076	3,071,042	640,966	▲ 26.38%
Total current liabilities	80,663,474	69,168,292	77,162,745	7,994,453	▲ 11.56%
Total liabilities	137,349,045	116,150,493	119,321,434	3,170,941	▲ 2.73%
Total equity and liabilities	275,710,284	253,340,788	256,253,234	2,912,446	▲ 1.15%

ASSETS



NON-CURRENT ASSETS

In the first 6 months of 2019 **Non-currents assets** hold 66.43% of the company's assets, recording a decrease of RON 171,958, i.e. 0.10%, as compared with the beginning of the year.



Non-current assets (NCA)	30.06.2019	% in total NCA	% in total Assets	30.06.19 vs. 31.12.18
Property, plant and equipment	124,772,510	73.29%	48.69%	-4.06%
Investment property	18,033,515	10.59%	7.04%	0.00%
Intangible assets	345,123	0.20%	0.13%	340.95%
Financial assets	27,085,581	15.91%	10.57%	21.75%
Total non-current assets	170,236,729	100.00%	66.43%	-0.10%

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

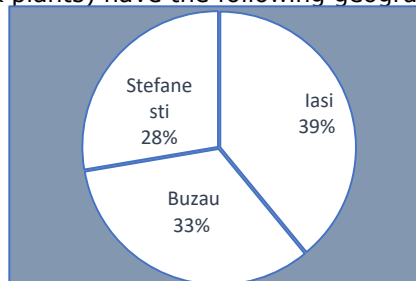
· Buildings (including rearrangements and improvement)	:	255,504 lei
· Equipment and installations	:	97,416 lei
· Furniture and office equipment	:	48,544 lei

The non-current assets entries in the first 6 months of 2019 had the following destinations: CP7-Compounds : RON 188,421; CP5- EPS: RON 22,781; Administrative and other sectors: RON 170,000.

The outputs of Non-current assets in the reporting period were as per registration cost in amount of RON 1,015,078 , out of which RON 967,584 sales and RON 47,494 dismantles/casation.

The Property investments (land & plants) have the following geographical distribution:

Property investments	Total
Iasi	7,040,036
Buzau	6,003,274
Stefanesti	4,990,205
Total	18,033,515



Financial assets hold 10.57% of Total Assets, and 15.91% of Non-current assets.

As at 30.06.2019, S.C. ROMCARBON S.A. held shares in other companies totalizing RON 30,449,725, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participation quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.0000%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.0000%
LIVINGJUMBO INDUSTRY SA*	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.6200%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.3354%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.3333%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.3596%
KANG YANG BIOTECHNOLOGY CO.LTD	7,113,000			0	139,000	203,963	1.9542%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.7905%
TOTAL						30,449,725	

*On 01.06.2019, SC Romcarbon SA participated in the increase of the capital of the affiliate Livingjumbo Industry SA with an amount of RON 4,834,400 (1,200 shares * 4,032 lei/share) representing the conversion in equity of the loan granted to the affiliate and partly of the related interest as follows:

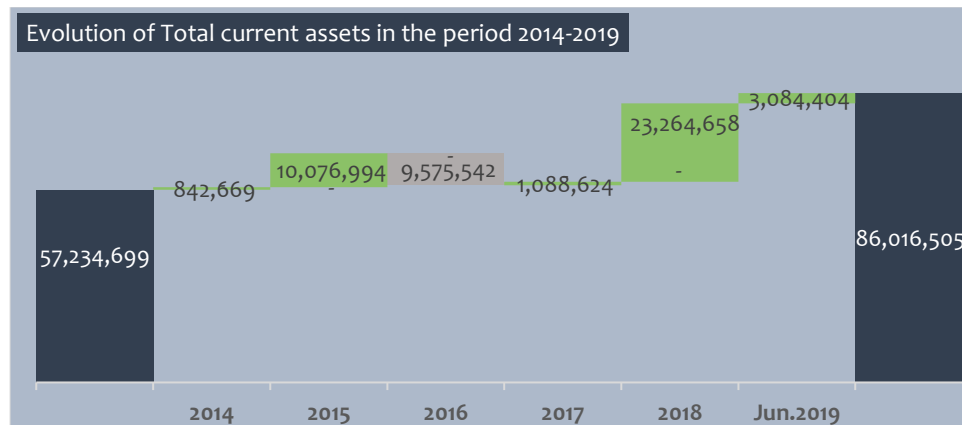
- RON 4,740,000 (EUR 1,000,000 euro * RON 4.74 /EUR) representing the balance of the loan;
- RON 94,800 (EUR 20,759.49 * RON 4.74 /EUR)) representing the interest related to the loan.

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

Company	Holdings (%)	Adjustments
ROMCARBON DEUTSCHLAND GmbH	100.00%	110,138
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
Total		3,364,144

CURRENT ASSETS

Current assets hold 33.57% of total assets recording an increase of RON 3,084,404, i.e. 3.72% as compared with the beginning of the year.



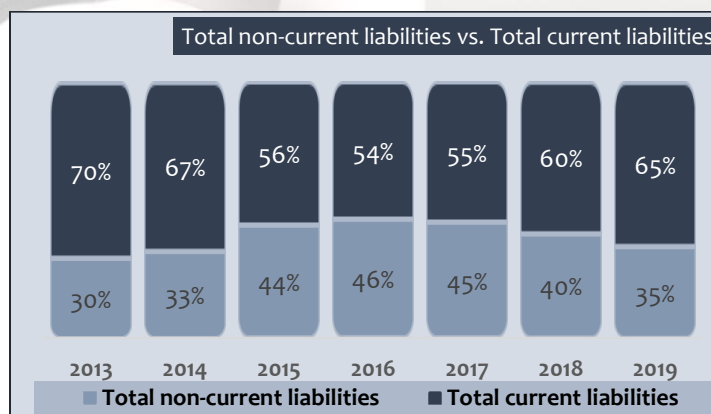
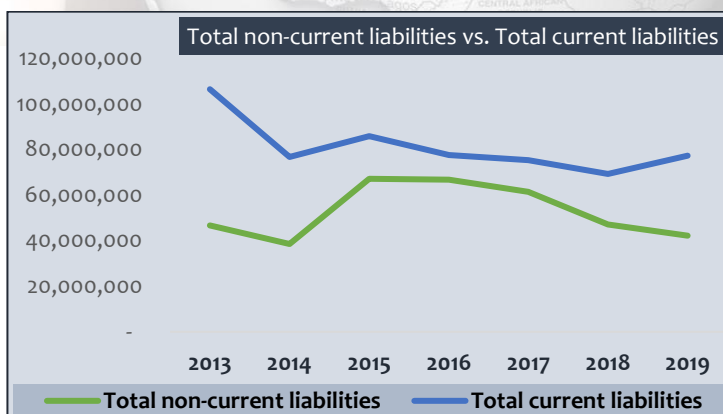
Current assets (CA)	30.06.2019	% in total CA	% in Total Assets	30.06.19 vs. 31.12.18
Non-current assets held for sale*	15,607,875	18.15%	6.09%	-2.45%
Inventories	22,568,153	26.24%	8.81%	9.05%
Trade and other receivables	43,942,933	51.09%	17.15%	23.01%
Other assets	1,493,311	1.74%	0.58%	48.16%
Cash and bank balances	2,404,233	2.80%	0.94%	-27.82%
Total	86,016,505	100.00%	33.57%	3.72%

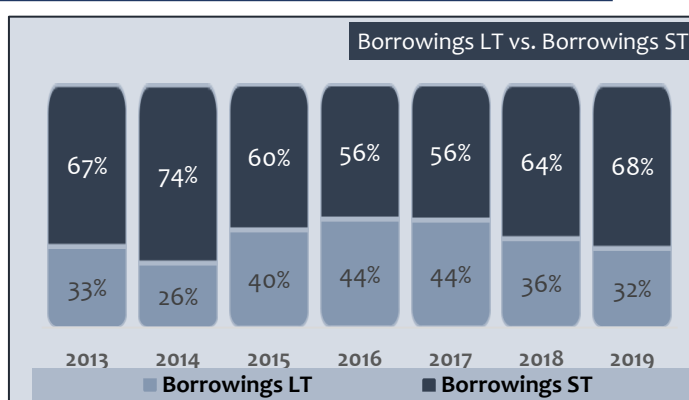
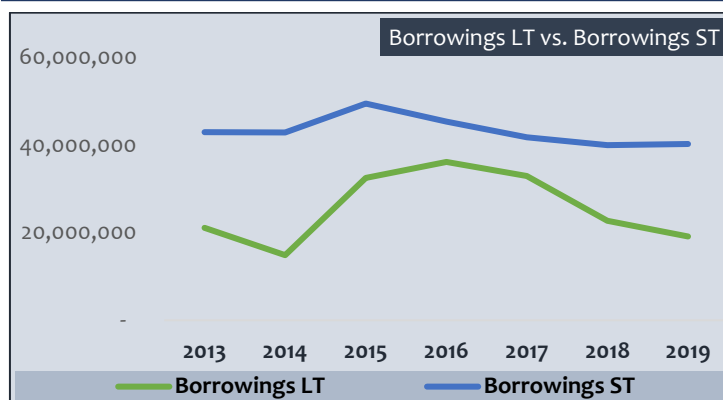
*In December 2018, according with IFRS5, it was reclassified an Iasi asset, consisting in a land with an area of 35,192.48 sq m located in Iasi, no.29 Chisinaului Way, Iasi County and of the buildings built on this land, asset which is the object of the 2nd buying selling precontract, from the category « Property investments » in « Non-current assets held for sale ». The asset (land and buildings) who made the object of this reclassification has a book value of RON 16,757,112. On this occasion by applying IFRS 5 was recognised a loss in the amount of RON 756,722.

In May 2019 took place an intermediary stage of the selling-buying anteccontract signed with Office&Logistic SRL which has the object the selling of a land in a total area of 1,289 sq m for which it was cashed the price of RON 600,566 (EUR 126,322).

LIABILITIES

Total Liabilities hold 46.56% of the company's Equity&Liabilities recording an increase of RON 3,170,941, i.e. 2.73%, as compared with the beginning of the year.





BORROWINGS

As at 30.06.2019 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	Initial amount	Balance as at 30.06.2019		Tenor
			in euro	in lei	
UniCredit Bank	Credit line(overdraft)	€ 5,450,000	€ 4,279,563	20,264,159 lei	10/04/2020
BRD GSG	Credit line(overdraft)	€ 2,550,000	€ 2,521,227	11,938,264 lei	30/10/2019
UniCredit Bank	Investment loan III	€ 442,500	€ 254,270	1,203,992 lei	19/09/2021
BRD GSG	Investment loan II	€ 1,000,000	€ 416,514	1,972,236 lei	03/09/2022
BRD GSG	Investment loan III	€ 3,153,160	€ 407,569	1,929,878 lei	03/02/2022
UniCredit Bank	Investment loan - CCE 2015	€ 3,042,240	€ 2,079,920	9,848,628 lei	04/12/2023
Total in euro		€ 15,637,900	€ 9,959,062	47,157,156 lei	
Eximbank SA	Investment loan I	6,142,500 lei		3,071,250 lei	20/06/2022
Eximbank SA	Investment loan II	2,432,500 lei		2,088,914 lei	16/12/2022
UniCredit Bank	Investment loan I	3,200,000 lei		2,039,947 lei	11/07/2023
UniCredit Bank	Investment loan II	2,500,000 lei		689,092 lei	19/09/2021
UniCredit Bank	Investment loan IV	5,400,000 lei		2,694,697 lei	01/12/2021
UniCredit Bank	Investment loan V	2,250,000 lei		1,507,185 lei	06/04/2022
Total in lei		21,925,000 lei		12,091,085 lei	
Total bank exposure				59,248,241 lei	

Short term loans have the following structure :

Bank	Type	CCY	Initial amount/ceiling	Balance as at 30.06.2019	
				in euro	in lei
UniCredit Bank SA	Linie de credit	euro	€ 5,450,000	€ 4,279,563	20,264,159 lei
BRD GSG	Linie de credit	euro	€ 2,550,000	€ 2,521,227	11,938,264 lei
Total			€ 8,000,000	€ 6,800,790	32,202,423 lei

Long term loans have the following structure :

Bank	Type	Balance as at 30.06.2019		< 12 Months	>12 Months
		in euro	in lei		
UniCredit Bank	Investment loan III	€ 254,270	1,203,992 lei	535,107 lei	668,884 lei
BRD GSG	Investment loan II	€ 416,514	1,972,236 lei	591,671 lei	1,380,564 lei
BRD GSG	Investment loan III	€ 407,569	1,929,878 lei	747,049 lei	1,182,829 lei
UniCredit Bank	Investment loan - CCE 2015	€ 2,079,920	9,848,628 lei	2,059,769 lei	7,788,860 lei
Total in euro		€ 3,158,272	14,954,734 lei	3,933,596 lei	11,021,137 lei

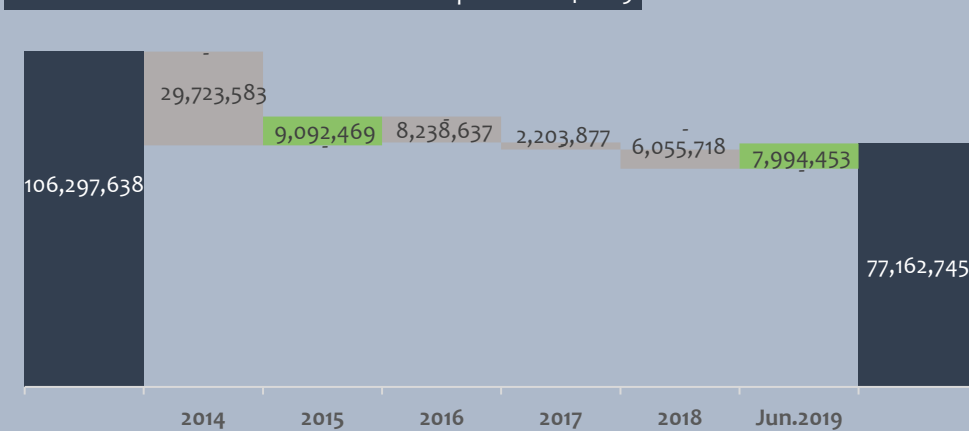
Bank	Type	Balance as at 30.06.2019		< 12 Months	>12 Months
		in euro	in lei		
Eximbank SA	Investment loan I		3,071,250 lei	1,023,750 lei	2,047,500 lei
Eximbank SA	Investment loan II		2,088,914 lei	596,833 lei	1,492,081 lei
UniCredit Bank	Investment loan I		2,039,947 lei	499,579 lei	1,540,368 lei
UniCredit Bank	Investment loan II		689,092 lei	306,263 lei	382,829 lei
UniCredit Bank	Investment loan IV		2,694,697 lei	1,077,878 lei	1,616,818 lei
UniCredit Bank	Investment loan V		1,507,185 lei	531,947 lei	975,237 lei
Total in lei			12,091,085 lei	4,036,250 lei	8,054,835 lei
Total bank exposure			27,045,818 lei	7,969,847 lei	19,075,972 lei

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

CURRENT LIABILITIES

Current liabilities of the Company, representing 64.67% of the Total Liabilities and 30.11% of Total Equity & Liabilities have increased by RON 7,994,453 as compared with the beginning of the year, i.e. 11.56%.

Evolution of Total current liabilities in the period 2014-2019

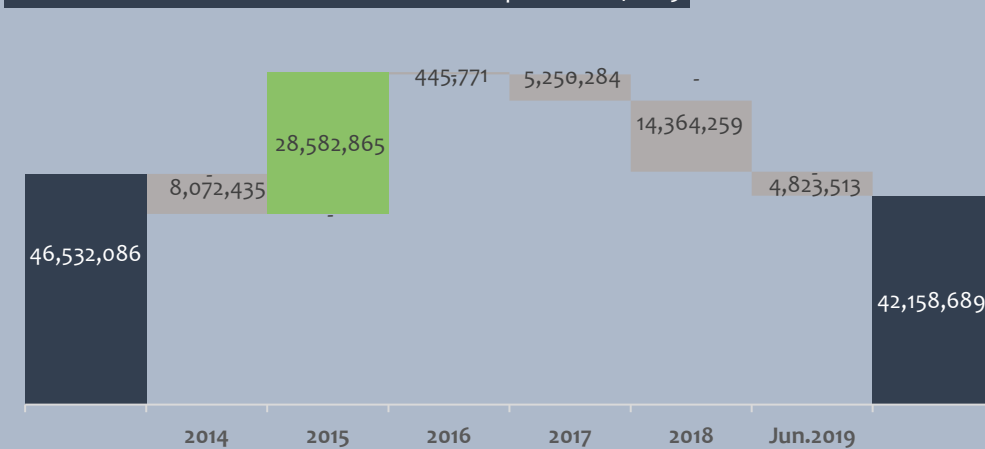


Current liabilities	30.06.2019	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	30.06.19 vs. 31.12.18
Trade and other payables	31,570,852	26.46%	40.91%	12.32%	28.67%
Borrowings [Short – term]	40,172,270	33.67%	52.06%	15.68%	0.59%
Deferred revenue	2,348,581	1.97%	3.04%	0.92%	3.67%
Other liabilities	3,071,042	2.57%	3.98%	1.20%	26.38%
Total current liabilities	77,162,745	64.67%	100.00%	30.11%	11.56%

NON-CURRENT LIABILITIES

Non-current Liabilities representing 16.45% of the company's Equity&Liabilities recording in the reporting period a decrease of RON 4,823,513, i.e. 10.27%, as compared with the beginning of the year.

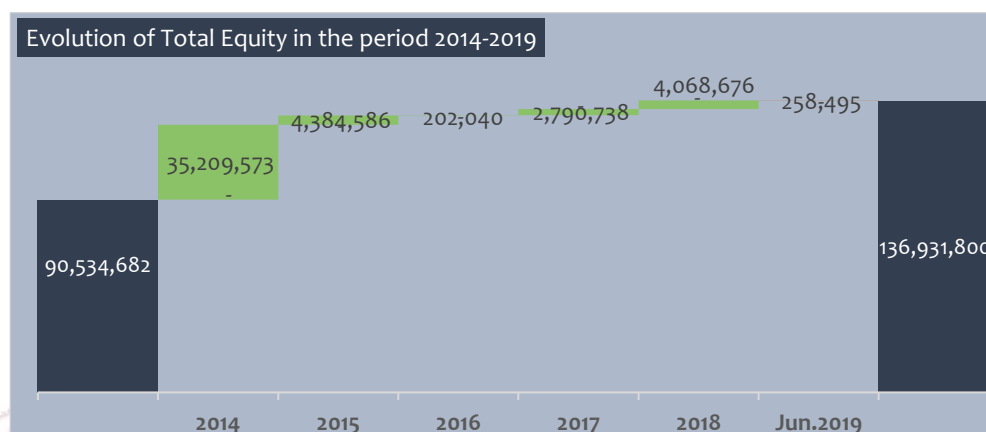
Evolution of Total non-current liabilities in the period 2014-2019



Non-current liabilities	30.06.2019	% in total liabilities	% in Total non-current liabilities	% in Total Equity and Liabilities	30.06.19 vs. 31.12.18
Borrowings [Long-term]	19,075,973	15.99%	45.25%	7.44%	-15.84%
Deferred tax liabilities	8,902,075	7.46%	21.12%	3.47%	0.00%
Deferred income	14,180,641	11.88%	33.64%	5.53%	-8.00%
Total non-current liabilities	42,158,689	35.33%	100.00%	16.45%	-10.27%

EQUITY

Total Equity holds **53.44%** of Total Equity&Liabilities, recording in the reporting period a decrease of RON 258,495, as compared with the beginning of the year.



Equity	30.06.2019	% in Total Equity and liabilities
Issued capital (264,122,096 shares at RON 0.10/share)	26,412,210	10.31%
Share premium	2,182,283	0.85%
Reserves	58,111,814	22.68%
Retained earnings	50,225,493	19.60%
Total Equity	136,931,800	53.44%

1.2 STATEMENT OF THE COMPREHENSIVE INCOME

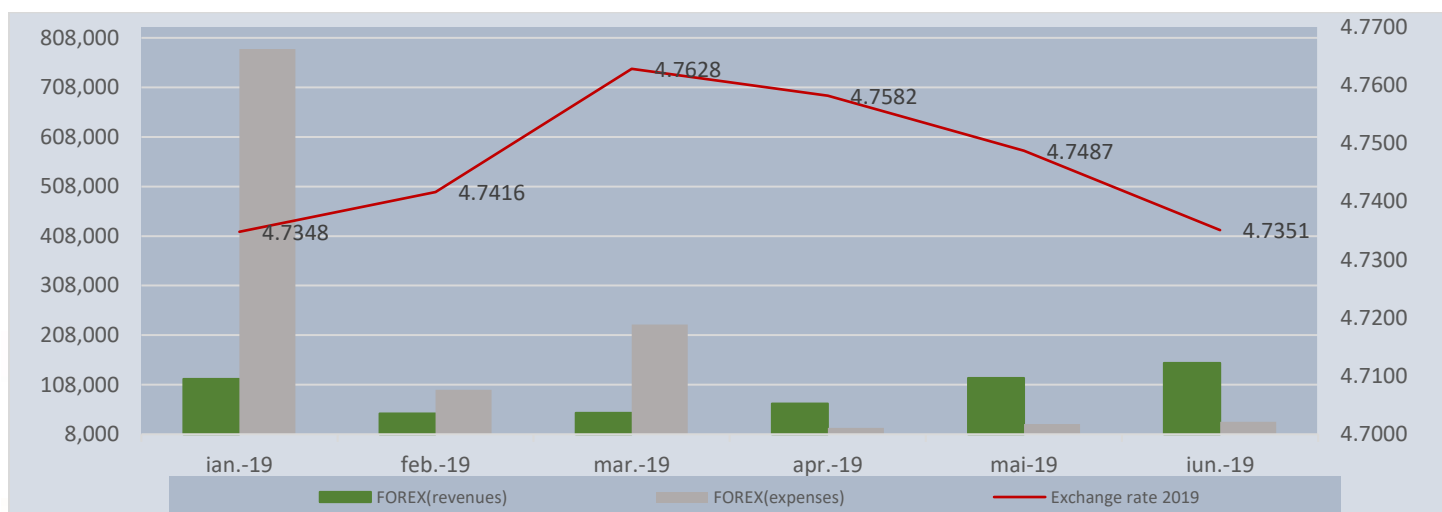
Indicator	6 Months of 2017	6 Months of 2018	6 Months of 2019		2019 vs. 2018	
Net sales	97,422,944	100,366,485	95,719,294	▼	(4,647,191)	-5%
Investment income *	2,553,503	2,407,168	968,183	▼	(1,438,985)	-60%
Other gains and losses	(76,179)	3,607,185	(584,315)	▼	(4,191,500)	-116%
Changes in inventories of finished goods and work in progress	656,863	(24,559)	1,008,357	▲	1,032,916	4206%
Raw materials and consumables used	(69,845,708)	(69,448,349)	(64,995,173)	▼	4,453,176	-6%
Depreciation and amortisation expenses	(5,338,782)	(5,466,335)	(5,325,653)	▼	140,682	-3%
Employee salaries and benefits	(13,671,827)	(18,071,046)	(18,735,487)	▲	(664,441)	4%
Social security expenses	(3,198,942)	(570,540)	(573,362)	▲	(2,822)	0%
Net finance costs	(874,046)	(953,178)	(972,916)	▲	(19,738)	2%
Income from subsidies	1,132,218	1,131,584	1,233,131	▲	101,547	9%
Other expenses	(6,859,697)	(7,721,744)	(7,635,457)	▼	86,287	-1%
Profit (loss) before taxation	1,900,347	5,256,671	106,602	▼	(5,150,069)	-98%
Profit tax	(97,540)	(17,051)	(81,175)	▲	- 64,124	n/a
Profit (loss) of the year	1,802,807	5,239,620	25,427	▼	(5,214,193)	-100%

Indicator	30.06.2017	30.06.2018	30.06.2019
Average number of personnel	924	941	889

*Investment income – details:

Indicator	6 Months of 2017	6 Months of 2018	6 Months of 2019	2019 vs. 2018	
Rental and royalty income	1,393,879	1,288,589	885,948	▼	(402,641) -31%
Interest income	1,617	1,309	82,235	▲	80,926 6182%
Investment income (dividends) - Infotech Solutions	158,007	117,270	0	▼	(117,270) -100%
Investment income (dividends) - RC Energo Install	1,000,000	1,000,000	0	▼	(1,000,000) -
Total	2,553,503	2,407,168	968,183	▼	(1,438,985) -60%

Note: In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate communicated by NBR. From this evaluation for the first 6 months of 2019 the company registered revenues in amount of RON 564,123 and expenses in amount of RON 1,195,154, resulting a loss of RON 631,031.



In the same period of last year by re-valuating the company bank availabilities, the receivables and the liabilities expressed in a foreign currency it was registered a loss of RON 9,278.

Statement of the comprehensive income by quarters:

Indicator	Q1 2018	Q2 2018	Q1 2019	Q2 2019	Q1 2019 vs. Q1 2018	Q2 2019 vs. Q2 2018
Net sales	48,150,522	52,215,963	47,862,182	47,857,112	(288,340)	(4,358,851)
Investment income *	1,841,841	565,327	501,221	466,962	(1,340,620)	(98,365)
Other gains and losses	50,328	3,556,857	(1,089,777)	505,462	(1,140,105)	(3,051,395)
Changes in inventories of finished goods and work in progress	1,135,483	(1,160,042)	982,707	25,650	(152,776)	1,185,692
Raw materials and consumables used	(34,490,118)	(34,958,231)	(33,093,151)	(31,902,022)	1,396,967	3,056,209
Depreciation and amortisation expenses	(2,710,902)	(2,755,433)	(2,669,122)	(2,656,531)	41,780	98,902
Employee salaries and benefits	(9,003,923)	(9,067,123)	(9,257,232)	(9,478,255)	(253,309)	(411,132)
Social security expenses	(216,597)	(353,943)	(218,175)	(355,187)	(1,578)	(1,244)
Net finance costs	(461,440)	(491,738)	(529,241)	(443,675)	(67,801)	48,063
Income from subsidies	565,792	565,792	578,187	654,944	12,395	89,152
Other expenses	(3,716,945)	(4,004,799)	(3,694,361)	(3,941,096)	22,584	63,703
Profit (loss) before taxation	1,144,041	4,112,630	-626,762	733,364	-1,770,803	-3,379,266
Profit tax	-	(17,051)	-	(81,175)	-	(64,124)
Profit (loss) of the year	1,144,041	4,095,579	-626,762	652,189	-1,770,803	-3,443,390

1.3 NET SALES

The item "Net Sales" had the following evolution:

	6 Months of 2017	6 Months of 2018	6 Months of 2019		2019 vs. 2018	
- Sales of finished goods	70,202,437	76,032,594	71,143,343	▼	(4,889,252)	-6%
- Sales of intermediary goods	28,645	5,558	5,538	▼	(21)	0%
- Services rendered	197,342	96,957	182,273	▲	85,316	88%
- Sales of commodities	25,400,946	22,036,379	22,237,825	▲	201,445	1%
- Other sales	1,593,575	2,194,995	2,150,316	▼	(44,680)	-2%
Total sales	97,422,943	100,366,485	95,719,294	▼	(4,647,191)	-5%

Indicator	6 Months of 2017	6 Months of 2018	6 Months of 2019		2019 vs. 2018	
Net sales	97,422,943	100,366,485	95,719,294	▼	(4,647,191)	-5%
Rental and royalty income	1,393,879	1,288,589	885,948	▼	(402,641)	-31%
Total Sales, out of which:	98,816,822	101,655,074	96,605,242	▼	(5,049,832)	-5%
~domestic market	72,669,059	74,375,459	71,318,794	▼	(3,056,665)	-4%
~exports	26,147,763	27,279,615	25,286,448	▼	(1,993,167)	-7%

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

1.4 FINANCIAL RATIOS

Indicator	Formula	30.06.17	30.06.18	30.06.19
EBIT	Gross profit + Expenses with interests	2,706,879	6,099,654	884,595
EBITDA	EBIT + Depreciation-Subsidies for investment	6,913,443	10,434,405	4,977,117
Sales	Revenue + Rental and royalty income	7.00%	10.26%	5.15%
EBITDA to sales ratio	EBITDA/Sales	5.23%	7.54%	3.63%
EBITDA to Equity ratio	EBITDA/Equity	1.92%	5.17%	0.11%
Gross profit margin	Gross profit/Sales	0.77	0.90	1.11
Current ratio	Current assets/Current liabilities	0.48	0.66	0.82
Quick ratio	(Current assets - Inventories)/Current liabilities	48%	41%	31%
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	52%	50%	47%
Total liabilities to Assets ratio	Total liabilities/Total Assets	26%	21%	14%
Interest coverage ratio	EBIT/Interest expenses	3.36	7.24	1.14
Account receivable turnover ratio (days)	Average receivables/Sales	50	67	74
Account payable turnover ratio (days)	Average payables/Sales	54	55	52
Non-current assets rotation	Non-current liabilities/Sales	0.46	0.50	0.57
Return on assets (ROA)	Net profit/Assets	0.66%	1.90%	0.01%
Return on equity (ROE)	Net profit/Equity	1.36%	3.79%	0.02%
Return on sales (ROS)	Net profit/Sales	1.82%	5.15%	0.03%

1.5. STATEMENT OF THE CASH-FLOW

The cash and cash equivalent in the reporting period had registered a decrease of RON 926,774 as compared with 01.01.2019.

	30/06/2018	31/12/2018	30/06/2019
<u>CASH FLOWS FROM OPERATIONS</u>			
<i>Cash generated from operations (A)</i>	4,823,972	3,396,708	457,512
<u>CASH FLOWS FROM INVESTMENT ACTIVITY</u>			
Net cash (used in)/generated by investing activities(B)	3,828,944	8,143,336	2,253,890
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
<i>Net cash generated/used by/in financing activities (C)</i>	-2,953,023	-10,738,050	-3,638,175
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)</u>	5,699,893	801,994	-926,774
<u>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</u>	2,529,016	2,529,016	3,331,010
<u>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</u>	8,228,909	3,331,010	2,404,236

2. ANALYSES OF COMPANY'S ACTIVITY

- 2.1 Nothing to mention.
- 2.2 Nothing to mention.
- 2.3 Nothing to mention.

3. CHANGES IN THE REPORTING PERIOD WITH A MAJOR IMPACT ON THE COMPANY'S EQUITY AND COMPANY'S MANAGEMENT

- 3.1. In the reporting period the company fulfilled all its obligations regarding paying its financial, commercial, bank, and tax debts within the tenor.
- 3.2. Nothing to mention.

4. TRANZACTIIONS WITH AFFILIATES

In the first half of 2019, transactions with affiliated parties were conducted as follows:

Affiliate	Sales (w/o VAT)	Acquisitions (w/o VAT)
INFO TECH SOLUTIONS S.R.L.	13,018	300,239
LIVINGJUMBO INDUSTRY SA	17,723,921	670,889
RC ENERGO INSTALL SRL	50,868	1,310,582
Total	17,787,807	2,281,710

5. STRUCTURE OF SHAREHOLDERS

As at 30.06.2019 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	Number of shares	% ownership
LIVING PLASTIC INDUSTRY S.R.L. loc. BUZAU jud. BUZAU	86,774,508	32.85%
JOYFUL RIVER LIMITED loc. NICOSIA CYP	54,195,089	20.52%
OTHER LEGAL ENTITIES	17,985,871	6.81%
INDIVIDUALS	105,166,628	39.82%
Total	264,122,096	100.00%

Evolution of the price of Romcarbon SA shares in the first 6 months of 2019.



The Financial Statements for the period ended June 30,2019 have not been audited.

**Chairman of the Board
Huang Liang Neng**

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

**Thinking
forward**

Declaration of the management

Undersigners, **HUANG LIANG NENG** Chairman of the Board, **ANDREI RADU**- Chief Executive Officer and **ZĂINESCU VIORICA-IOANA**, Chief Financial Officer of ROMCARBON S.A. Buzau, a company located in Buzau, 132 Transilvaniei street, registered with Buzau Trade Register under the number J10/83/91, having the sole registration number RO1158050, hereby declare that, to the best of our knowledge, the Half-Year Financial Statement for the period ended June 30, 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as it were adopted by European Union provide a fair and accurate view of the assets, liabilities, financial position, income statement and statement of comprehensive income and the report of the Board of Directors prepared in accordance with the appendix 14 of the F.S.A. Regulation no. 5/2018 provides fairly and comprehensively the information regarding ROMCARBON S.A

Given today, 13.08.2019

HUANG LIANG NENG

ANDREI RADU

ZĂINESCU VIORICA IOANA

L.S.

L.S.

L.S.

For signatures, please refer to the original Romanian version.

S.C. ROMCARBON S.A.

SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2019

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

A grayscale image of a globe held by two hands, with the text "Thinking forward" overlaid in red. The globe shows the continents of Europe, Africa, and Asia, with various cities labeled. The text "Thinking forward" is positioned over the African continent.

**Thinking
forward**

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STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30 ,2019

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

	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Net sales	100,366,485	95,719,294
Investment income	2,407,168	968,183
Other gains or losses	3,607,185	(584,315)
Changes in inventories	(24,559)	1,008,357
Raw materials and consumables used	(69,448,349)	(64,995,173)
Depreciation and amortization expense	(5,466,335)	(5,325,653)
Employee salaries and benefits	(18,071,046)	(18,735,487)
Social security expenses	(570,540)	(573,362)
Net finance cost	(953,178)	(972,916)
Income from subsidies	1,131,584	1,233,131
Other expenses	(7,721,744)	(7,635,457)
Profit (loss) before taxation	5,256,671	106,602
Profit tax	(17,051)	(81,175)
Net profit	5,239,620	25,427
Other comprehensive income		
Total comprehensive income	5,239,620	25,427
Earnings per share	0.0198	0.0001
Number of shares	264,122,096	264,122,096

**CHAIRMAN OF THE BOARD
HUANG LIANG NENG**

Signature _____

**GENERAL MANAGER
ANDREI RADU**

Signature _____

PREPARED BY,
**FINANCIAL MANAGER
ZAINESCU VIORICA**

Signature _____

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED JUNE 30 ,2019

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

	<u>01-Jan-19</u>	<u>30-Jun-19</u>
	RON	RON
Non-current assets		
Property, plant and equipment	130,049,723	124,772,510
Investment property	18,033,515	18,033,515
Intangible assets	78,269	345,123
Financial assets	22,247,181	27,085,581
Total non-current assets	170,408,688	170,236,729
Current assets		
Inventories	20,695,918	22,568,153
Trade and other receivables	35,722,416	43,942,933
Amounts to receive from affiliates (financial)	6,174,452	-
Other assets	1,007,913	1,493,311
Cash and bank balances	3,331,011	2,404,233
Non-current assets held for sale	16,000,390	15,607,875
Total current assets	82,932,100	86,016,505
Total assets	253,340,788	256,253,234
Equity and Liabilities		
Capital and reserve		
Issued capital	26,412,210	26,412,210
Share premiums	2,182,283	2,182,283
Reserves	58,492,792	58,111,814
Retained earnings	50,103,010	50,225,493
Total Equity	137,190,295	136,931,800
Non-current liabilities		
Borrowings	22,666,821	19,075,973
Deferred tax liabilities	8,902,075	8,902,075
Deferred income	15,413,305	14,180,641
Total non-current liabilities	46,982,201	42,158,689
Current liabilities		
Trade and other payables	24,537,065	31,570,852
Borrowings	39,935,675	40,172,270
Deferred income	2,265,476	2,348,581
Other liabilities	2,430,076	3,071,042
Total current liabilities	69,168,292	77,162,745
Total liabilities	116,150,493	119,321,434
Total equity and liabilities	253,340,788	256,253,234

CHAIRMAN OF THE BOARD
HUANG LIANG NENG
 Signature _____

GENERAL MANAGER
ANDREI RADU
 Signature _____

PREPARED BY,
FINANCIAL MANAGER
ZAINESCU VIORICA
 Signature _____

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2019

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

	<u>Issued capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>
01/Jan/2019	26,412,210	2,182,283	39,808,427	4,115,011	14,569,353	50,103,010	137,190,295
Revaluation reserve	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-
Net profit of the period	-	-	-	-	-	25,427	25,427
Corrections	-	-	-	-	-	(283,922)	-
Transfers between capital accounts	-	-	(380,978)	-	-	380,978	-
30/Jun/2019	26,412,210	2,182,283	39,427,450	4,115,011	14,569,353	50,225,493	136,931,800

**HUANG LIANG NENG,
CHAIRMAN OF THE BOARD**

**VIORICA ZAINESCU,
FINANCIAL MANAGER**

**RADU ANDREI,
GENERAL MANAGER**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

This is a free translation from Romanian original version

Net Sales	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Sales of finished goods	76,205,403	71,462,747
Sales of commodities	21,869,130	21,923,958
Services rendered	96,957	182,273
Other sales	2,194,995	2,150,316
Total	100,366,485	95,719,294
Investment income	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Income from renting investment property	1,288,588	885,948
Income from interest on bank deposits	1,310	82,235
Dividends received from participations	1,117,270	-
Total	2,407,168	968,183
OTHER GAINS AND LOSSES	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Income from penalties charged	6,671	-
Gain / (Loss) on disposal of property, plant and equipment	-	(18,102)
Gain / (Loss) on disposal of property investments	3,553,050	-
FOREX gain / (loss)	(11,577)	(647,763)
Gain / (Loss) on changes of provisions	-	23,739
Other gains	59,041	57,811
Other losses	-	-
Total	3,607,185	(584,315)
RAW MATERIALS AND CONSUMABLES USED	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Raw materials	38,927,713	34,571,723
Commodities sold	21,553,796	21,634,759
Energy and water	6,235,980	6,303,025
Expenses with consumables	2,730,861	2,485,667
Total	69,448,349	64,995,173

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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DEPRECIATION AND AMORTIZATION EXPENSES	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Total expenses,	5,466,335	5,325,653
<i>Of which:</i>		
Depreciation of fixed assets	5,414,009	5,276,214
Amortization of intangible assets	52,326	49,439
Total	5,466,335	5,325,653
EMPLOYEES SALARIES AND BENEFITS	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Salaries	17,396,329	18,172,136
Social contributions	570,540	573,362
Meal tickets	674,717	563,351
Total	18,641,586	19,308,849
NET FINANCE COST	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Bank interest and leases expenses	823,313	763,988
Bank commissions and assimilated charges	129,865	208,928
Total	953,178	972,916
OTHER EXPENSES	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Expenses with transport and logistics	2,533,867	2,649,637
Other expenses with third party services	3,084,665	2,725,964
Protocol and marketing	274,925	116,240
Expenses with repairs	480,737	739,546
Taxes and levies	899,690	915,453
Expenses with insurances	172,635	200,127
Expenses with postal charges and telecommunications	65,769	60,078
Expenses with travels	59,272	54,564
Expenses with rents	113,778	93,049
Expenses with commissions and fees	2,816	3,000
Expenses with fines and penalties	153	7,939
Other expenses	33,437	69,860
Total	7,721,744	7,635,457

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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PROFIT TAX	Period ended June 30,2018	Period ended June 30,2019
	RON	RON
Current profit tax expense	17,051	81,175
Deferred profit tax expense	-	-
Total	17,051	81,175

PROPERTY INVESTMENTS

Balance as at January 01, 2019	18,033,515
Additions	-
Disposals	-
Balance as at June 30, 2019	18,033,515

INTANGIBLE ASSETS

	Licences	Other intangible assets	Intangible assets in progress	Total
Cost	RON	RON	RON	RON
Balance as at January 01, 2019	730,196	592,467	-	1,322,663
Additions	270,753	-	296,462	567,215
Transfers				-
Disposals	(750)	-	(250,922)	(251,672)
Balance as at June 30, 2019	1,000,199	592,467	45,540	1,638,206
Accumulated amortization				
Balance as at January 01, 2019	(674,351)	(570,043)		(1,244,394)
Expenses with depreciation	(35,990)	(13,449)		(49,439)
Decrease from sale of assets	750	-		750
Balance as at June 30, 2019	(709,591)	(583,492)	-	(1,293,082)
Net Book Value as at June 30, 2019	290,608	8,975	45,540	345,123

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
	RON	RON	RON	RON	RON	RON
<i>COST</i>						
Balance as at January 01, 2019	45,876,831	24,343,213	116,870,655	1,465,542	208,678	188,764,919
Additions	0	255,504	97,416	48,544	385,431	786,895
Disposals	-	(201,163)	(81,443)	(732,471)	(401,465)	(1,416,542)
Balance as at June 30, 2019	45,876,831	24,397,554	116,886,628	781,615	192,644	188,135,272
	<u>Terenuri</u>	<u>Clădiri</u>	<u>Utilaje și echipament</u>	<u>Instalații și obiecte de mobilier</u>	<u>Imobilizări corporale in curs si avansuri</u>	<u>Total</u>
	RON	RON	RON	RON	RON	RON
<i>CUMULATED DEPRECIATION</i>						
Balance as at January 01, 2019	-	(3,593,604)	(54,314,139)	(807,452)	-	(58,715,195)
Expenses with depreciation		(886,441)	(4,351,738)	(38,034)		(5,276,213)
Decrease from sale of assets		143,536	73,083	412,028		628,647
Balance as at June 30, 2019	-	(4,336,509)	(58,592,794)	(433,458)	-	(63,362,762)
Net Book Value as at June 30, 2019	45,876,831	20,061,045	58,293,834	348,156	192,644	124,772,510

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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FINANCIAL ASSETS

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

	Core activity	Place of establishment and operations	June 30, 2019	
			%	RON
RECYPLAT LTD CIPRU	Business and other management consultancy activities	Nicosia	100.00%	20,261,120
ROMCARBON DEUTSCHLAND GmbH	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	Germany	100.00%	110,138
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,980
LIVING JUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99.00%	6,477,632
GRINFILD LTD	Wholesales	Odessa	62.62%	2,687,755
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucharest	25.36%	586,625
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)	The scope of the association is to represent, promote and support the employer and professional interests of its members	Buzau	33.33%	400
YENKI SRL	Activities of sports facilities (NACE code 9311)	Buzau	33.34%	100,000
KANG YANG BIOTECHNOLOGY CO. LTD	Manufacture of products beneficial for human health	Taiwan	1.95%	203,963
Registrul Miorita SA	Other financial service activities n.c.a (NACE code 6499)	Cluj	3.79%	5,000
		TOTAL		30,449,725
Financial assets impairment				(3,364,144)
Net book value				27,085,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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INVENTORIES

	01-Jan-19	30-Jun-19
Raw materials	10,140,307	11,591,334
Consumables	3,045,873	3,075,227
Items of inventory	112,158	93,427
Packaging	226,298	189,688
Finished products	4,618,155	4,856,785
Unfinished products	1,711,621	2,277,879
Semi-finished products	2,055,979	1,773,862
Residual products	2,734	6,180
Commodities	187,924	126,950
Advances for purchases of inventory	25,125	7,077
Provisions for obsolete inventories	(1,430,256)	(1,430,256)
Total	20,695,918	22,568,153

TRADE AND OTHER RECEIVABLES

	01-Jan-19	30-Jun-19
Trade receivables	36,394,466	44,469,214
Provisions for doubtful clients	(1,202,652)	(1,178,913)
Taxes to recover	118,587	279,683
Other receivables	412,015	372,948
Total	35,722,416	43,942,933

CASH ON HAND AND AT BANKS

	01-Jan-19	30-Jun-19
Cash at banks	3,197,884	2,227,783
Cash on hand	24,317	30,874
Cash equivalents	108,810	145,576
Total	3,331,011	2,404,233

OTHER CURRENT ASSETS

	01-Jan-19	30-Jun-19
Prepaid expenses	839,094	1,083,812
Advances to services suppliers	168,819	409,499
Total	1,007,913	1,493,311

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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ISSUED CAPITAL

	01-Jan-19	30-Jun-19
264,122,096 fully paid ordinary shares (2019: 264,122,096). The value of one share is RON 0.1	26,412,210	26,412,210
Total	26,412,210	26,412,210

RESERVES

	01-Jan-19	30-Jun-19
	RON	RON
Legal reserves	4,115,011	4,115,011
Other reserves	14,569,353	14,569,353
Revaluation reserves	39,808,428	39,427,450
Total	58,492,792	58,111,814

BORROWINGS
Borrowings – short-term

	01-Jan-19	30-Jun-19
Credit line Euro – BRD	11,643,846	11,938,264
Investment loan Euro II - BRD	582,774	591,671
Investment loan Euro III - BRD	735,816	747,049
UniCredit Bank (linie de credit)	20,447,388	20,264,159
UniCredit Bank - Investment loan - CCE 2015	2,028,797	2,059,769
Investment loan I - Eximbank SA	1,023,750	1,023,750
Investment loan II - Eximbank SA	530,573	596,833
Investment loan I - UniCredit Bank	499,579	499,579
Investment loan II - UniCredit Bank	306,263	306,263
Investment loan III - UniCredit Bank	527,061	535,108
Investment loan IV - UniCredit Bank	1,077,878	1,077,878
Investment loan V - UniCredit Bank	531,947	531,947
Total	39,935,675	40,172,270

Borrowings – long-term

	01-Jan-19	30-Jun-19
Investment loan Euro II - BRD	1,651,193	1,380,564
Investment loan Euro III - BRD	1,532,951	1,182,829
UniCredit Bank - Investment loan - CCE 2015	8,686,140	7,788,860
Investment loan I - UniCredit Bank	1,790,158	1,540,368
Investment loan II - UniCredit Bank	535,961	382,829
Investment loan III - UniCredit Bank	922,357	668,884
Investment loan IV - UniCredit Bank	2,155,758	1,616,818
Investment loan V - UniCredit Bank	1,241,211	975,238
Investment loan I - Eximbank SA	2,559,373	2,047,502
Investment loan II - Eximbank SA	1,591,719	1,492,081
Total	22,666,821	19,075,973

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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OTHER LIABILITIES

	01-Jan-19	30-Jun-19
Liabilities to employees	1,004,630	1,235,866
Liabilities related to social contributions	865,963	1,048,350
Other tax liabilities	559,483	786,826
Total	2,430,076	3,071,042

TRADE PAYABLES AND OTHER PAYABLES

	01-Jan-19	30-Jun-19
Trade payables	23,166,515	29,988,265
Other payables	793,136	783,341
Suppliers invoices not received	359,085	393,860
Advances from clients	218,329	405,386
Total	24,537,065	31,570,852

FINANCE LEASE OBLIGATIONS

	01-Jan-19	30-Jun-19
Amounts due within one year	-	-
Amounts due within one year	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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RELATED PARTY TRANSACTIONS

Affiliate	Sales of goods and services		Purchases of goods and services		Amounts to be received from affiliates		Amounts to be paid to affiliates	
	6 Months 2018	6 Months 2019	6 Months 2018	6 Months 2019	January 01, 2019	June 30, 2019	January 01, 2019	June 30, 2019
INFO TECH SOLUTIONS S.R.L.	12,007	13,018	224,447	300,239	0	0	30,532	79,215
LIVINGJUMBO INDUSTRY SA	17,308,415	17,723,921	504,302	670,889	23,000,525	21,144,955	242,854	316,462
RC ENERGO INSTALL SRL	47,631	50,868	895,220	1,310,582	1,422,490	0	197,659	670,998
YENKI SRL BUZAU	1,765	0	0	0	0	0	0	0
TOTAL	17,369,819	17,787,807	1,623,969	2,281,710	24,423,015	21,144,955	471,045	1,066,676

Note : In the Amounts to be received from affiliates at January 01, 2019 are included also the loans granted to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019
(all amounts are expressed in lei, unless specified otherwise)

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FINANCIAL RATIOS

Indicator	Formula	30.06.2017	30.06.2018	30.06.2019
EBIT	Gross profit + Profit tax + Expenses with interest	2,706,879	6,099,654	884,595
EBITDA	EBIT + Depreciation - Subsidies for investments	6,913,443	10,434,405	4,977,117
EBITDA to sales ratios	EBITDA/Sales	7.00%	10.26%	5.15%
EBITDAto Equity	EBITDA/Equity	5.23%	7.54%	3.63%
Gross profit ratio	Gross profit/Sales	1.92%	5.17%	0.11%
Current liquidity	Current assets/Current liabilities	0.77	0.90	1.11
Quick liquidity	(Current assets- Inventories)/Current liabilities	0.48	0.66	0.82
Non-current liabilities to Equity	Non-current liabilities/Equity	48%	41%	31%
Total liabilities to Assets	Total liabilities/Total Assets	52%	50%	47%
Interest coverage ratio	EBIT/Interest expenses	3	7	1
Receivables rotation (days)	Average receivables/Sales	50	67	74
Payables rotation (days)	Average payables/Sales	54	55	52
Return on Assets(ROA)	Net profit/Assets	0.66%	1.90%	0.01%
Return on Equity(ROE)	Net profit/Equity	1.36%	3.79%	0.02%
Return on Sales(ROS)	Net profit/Sales	1.82%	5.15%	0.03%

 Note : The Financial Statements for the period ended **June 30, 2019** have not been audited.

CHAIRMAN OF THE BOARD
HUANG LIANG NENG

Signature_____

GENERAL MANAGER
ANDREI RADU

Signature_____

 PREPARED BY,
FINANCIAL MANAGER
ZAINESCU VIORICA

Signature_____

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