

OLTCHIM S.A.
company in judicial reorganisation, en redressement

INDIVIDUAL FINANCIAL SITUATIONS
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018

PREPARED IN COMPLIANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
APPROVED BY THE EUROPEAN UNION
ACCORDING TO THE ORDER OF THE MINISTER OF PUBLIC FINANCES NO. 2844/2016

(Together with the report of the independent auditor and the report of the special administrator)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement

Opinion

1. We have audited the financial statements the company Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement (the "Company"), with registered office in Uzinei Street, number 1, identified by the unique tax registration code RO 1475261 which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.
2. The financial statements as at December 31, 2018 are identified as follows:

• Revenues	RON 1,141,920,208
• Negative Net assets / Equity	RON (203,141,309)
• Net profit for the financial year	RON 28,415,957
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.
4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The " Regulation") and Law 162/2018 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>a) Revenue recognition</p> <p>Since the Company is undergoing a process of reorganization which requires to achieve certain financial performance, we consider that management is subject to a certain degree of pressure to achieve the planned objectives. We considered that the recognition of revenues resulting from the sale of finished products depends on the adequate measurement of the prices applied and the recognition of the revenue in the period the sales refer to, given that the sales contracts include a variety of commercial clauses. In our opinion, the recognition of revenues is material for the audit because it might result in the inappropriate unrealized profits and revenues.</p> <p>The accounting policies on Revenue Recognition are presented in Note 2.24 to the financial statements.</p>	<p>Our audit procedures performed to address the risk of inappropriate revenue recognition, which was considered a significant audit risk, included:</p> <ul style="list-style-type: none"> • we assessed the existing internal controls related to the sales activity, specifically the invoicing process and revenue recognition; We focused on the completeness, accuracy and recognition of revenues in the proper period. • We tested, on a sample basis the operating effectiveness of internal controls related to revenues by ascertaining the following: proper approval of sale prices, appropriate product delivery to clients, transfer of risks of the delivered products. • We have confirmed the most significant clients. • We have selected a sample of revenues transactions, for which we obtained and reconciled to the relevant supporting documents to ensure the accuracy and completeness of the revenue recorded. • We have performed an analytical review by comparing current year to prior year for the following: sales, product volumes, volumes by customer and margins.

Emphasis of Matter

6. We draw attention to Note 38 "Investigation of the European Commission, through the Directorate General, with regard to a potential State aid granted to Oltchim", according to which on December 17, 2018, further to the investigation started in April 2016 by the European Commission in order to determine whether certain measures taken by the Romanian State, the Company's majority shareholder, to support Oltchim were compliant with the EU rules on State aid. The Commission concluded that the public financing granted by the Romanian State to Oltchim, of approximately EUR 335 million plus interest, is incompatible with EU rules regarding State aid and must be recovered by the Romanian State from Oltchim SA. The calculation of this potential State aid was not provided by the European Commission and the Company does not have sufficient details to estimate such value. This decision was communicated to the Romanian State on the website of the European Commission and will be appealed by Oltchim SA through an already appointed law firm, who considers that the Company has relatively high chances to succeed. The financial statements for the year ended December 31, 2018 do not include any adjustment related to such investigation. Our opinion is not modified in this respect.

7. We draw attention to Notes 2.3 and 38 to the financial statements, according to which these financial statements were prepared on a going concern basis according to the reorganisation plan, as confirmed by the syndic judge in Sentence no. 892/22.04.2015 of Valcea Tribunal, instead of on the going concern principle of continuing production and normal operation of the plant. The reorganisation plan will end in April 2019, and thereafter the Company will enter bankruptcy procedure in the upcoming months according to the law. In the bankruptcy stage, the Company will continue activities in order to meet its objectives of selling all of the Company's assets and settle the outstanding liabilities included at the creditors' table as at December 31, 2018 according to the reorganization plan. Given that the Company will no longer have production activities after December 31, 2018, the Company decided to revalue property, plant and equipment, which was performed by an independent valuer authorised by ANEVAR. The Company's financial statements as at December 31, 2018 present assets held for sale at liquidating values established based on the assumption that the assets will be sold in asset bundle packages and on the premise of their functionality exercised by the buyer. The liquidating values of the assets and liabilities recorded as at December 31, 2018 may vary significantly from the realizable values that may be obtained in the bankruptcy stage. These financial statements do not include any adjustments related to such uncertainty. Our opinion is not modified in this respect.

Other information – Administrators' Report

8. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators' report but does not include the consolidated and separate financial statements and our auditors report thereon, nor the non-financial information declaration which will be presented in a separate report.

Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended December 31, 2018, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

- a) the information included in the administrators' report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;
- b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the (standalone) financial statements prepared as at December 31, 2018, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

9. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

17. We have been appointed by the Insolvency Administrator on July, 20 2018 to audit the financial statements of the company Oltchim S.A. în reorganizare judiciară, in judicial reorganisation, en redressement for the financial year ended December 31, 2018. The uninterrupted total duration of our commitment is one year, covering the financial year ended December 31, 2018.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

The engagement partner on the audit resulting in this independent auditor's report is Madeline Alexander.

Madeline Alexander, Audit Partner

For signature, please refer to the original signed Romanian version.

*Registered with the Romanian Chamber of Financial Auditors
under no. 36/07.10.2000*

On behalf of:

DELOITTE AUDIT S.R.L.

*Registered with the Romanian Chamber of Financial Auditors
under no. 25/25.06.2001*

Sos. Nicolae Titulescu nr. 4-8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
Bucharest, Romania
25 March 2019

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE FINANCIAL POSITION
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	<u>Note</u>	<u>December 31st, 2018</u>	<u>December 31st, 2017</u>
ASSETS			
Long term assets			
Tangible assets	16	-	850.897.654
Real estate investments	16	-	3.584.504
Non-tangible assets	17	-	1.328.788
Financial assets	18	43.904	19.904
Total long term assets		<u>43.904</u>	<u>855.830.850</u>
Current assets			
Assets held for sale	16,17	270.848.361	-
Stocks	19	22.208.546	72.908.718
Commercial claims	20	51.089.973	59.397.753
Taxes to be collected	21	14.591.355	6.864.128
Other assets	22	7.791.300	10.601.929
Cash and cash equivalent	23	336.176.273	59.460.109
Total current assets		<u>702.705.808</u>	<u>209.232.637</u>
TOTAL ASSETS		<u>702.749.712</u>	<u>1.065.063.487</u>
OWN FUNDS AND DEBTS			
Capital and reserves			
Share capital	24	1.018.299.809	1.018.299.809
Reserves	24	84.996.189	336.801.860
Reported result	24	(1.306.437.307)	(1.628.384.406)
Total own funds		<u>(203.141.309)</u>	<u>(273.282.737)</u>
Long term debts			
Loans	25	335.499.999	615.689.723
Revenues in advance	26	-	3.436.675
Debts regarding the deferred tax	27	11.226.117	51.515.025
Provisions	28	30.591.721	24.575.550
Other long term debts	28	11.612.183	21.316.447
Commercial debts	29	266.023.909	367.097.853
Debts regarding taxes and duties	30	7.353.151	29.395.768
Total long term debts		<u>662.307.079</u>	<u>1.113.027.041</u>

The enclosed notes are part and parcel of these individual financial situations.

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE FINANCIAL POSITION
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	<u>Note</u>	<u>December 31st, 2018</u>	<u>December 31st, 2017</u>
Current debts			
Commercial debts	29	64.257.415	122.377.867
Debts regarding taxes and duties	30	136.808.836	55.203.553
Other debts	31	<u>42.517.691</u>	<u>47.737.763</u>
Total current debts		<u>243.583.942</u>	<u>225.319.183</u>
Total debts		<u>905.891.021</u>	<u>1.338.346.224</u>
TOTAL OWN FUNDS AND DEBTS		<u>702.749.712</u>	<u>1.065.063.487</u>

The presented individual financial situations have been approved by the management on March 22, 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

The enclosed notes are part and parcel of these individual financial situations.

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE GLOBAL RESULT
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	<u>Note</u>	<u>Year completed on December 31st, 2018</u>	<u>Year completed on December 31st, 2017</u>
Net sales	5	1.141.920.208	961.504.444
Revenues from investments	6	6.246.713	8.930.037
Other profits or (losses)	7	47.707.871	890.381
Variation of stocks		(26.364.452)	12.507.555
Expenses with raw materials and consumables	8	(584.607.605)	(471.117.077)
Expenses with energy and water	8	(197.434.927)	(198.385.493)
Expenses with the depreciation of assets	9	(86.337.721)	(92.176.793)
Profit / (Loss) from adjustments for the depreciation of assets	9	47.086.431	41.103.396
Salary expenses	10	(114.479.887)	(113.897.013)
Net cost of the financing	11	(172.590)	(175.323)
Revenues from grants		3.436.675	833.027
Other expenses	12	(147.803.634)	(82.452.125)
Profit / (Loss) before taxation		<u>89.197.082</u>	<u>67.565.016</u>
Corporate tax	13	(60.730.410)	(19.782.111)
Tax specific to some activities	14	(50.715)	(50.715)
Net Profit / (Loss)		<u>28.415.957</u>	<u>47.732.190</u>
Other elements of the global result (reserves from the reassessment)		1.553.236	42.334.036
Total global result		<u>29.969.193</u>	<u>90.066.226</u>
Profit / (Pierdere) per share	15	<u>0,0828</u>	<u>0,1391</u>
Number of shares		343.211.383	343.211.383

The presented individual financial situations have been approved by the management on March 22, 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE TREASURY FLOWS
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	December 31st, 2018	December 31st, 2017
Treasury flows from operation:		
Net Profit / (Loss) of the year	28.415.957	47.732.190
Adjustments for non-monetary elements:		
Expenses with depreciation of assets	86.337.721	92.176.792
Expenses / (Revenues) from sale/discard of assets	(58.410.000)	2.550.670
Expenses / (Revenues) regarding adjustments depreciation of circulating assets	3.664.995	(1.606.675)
Depreciation of grants	(3.436.675)	(833.027)
Expenses / (Revenues) regarding the interests	(1.471.711)	(109.990)
Expenses / (Revenues) from the reassessment of the tangible and non-tangible assets	4.117.575	12.466.776
Depreciation / (Reversal depreciation) tangible and non-tangible assets	(47.086.431)	(41.103.396)
Depreciation / (Reversal depreciation) financial assets	-	134.515
Formation / (Reversal) provisions	21.415.147	(731.976)
Expenses with the corporate tax	60.730.410	19.782.111
Operational Profit / (Loss) before the changes in the circulating capital	94.276.988	130.457.990
(Increase) / Diminution of stocks	46.921.084	(18.998.598)
(Increase) / Diminution of claims	3.437.957	(262.970.902)
Increase / (Diminution) of debts	(455.525.556)	192.776.868
Changes of the circulating capital	(405.166.515)	(89.192.632)
Treasury flows (used in)/generated from the operational activity	(310.889.527)	41.265.358
Paid interests	-	-
Cash flow (used in)/generated from operation	(310.889.527)	41.265.358
Cash flow generated from investments:		
Cashed interests	1.471.711	109.990
Purchases of tangible and non-tangible assets	(16.132.120)	(11.598.883)
Investments in jointly controlled entities	(24.000)	-
Receipts from the sale of assets	602.290.100	2.104.423
Cash flow generated from/(used in) investments	587.605.691	(9.384.470)
Cash flow from financing	-	-

The enclosed notes are part and parcel of these individual financial situations.

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE TREASURY FLOWS
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	<u>December 31st, 2018</u>	<u>December 31st, 2017</u>
Increase / (Decrease) of cash and cash equivalent	<u>276.716.164</u>	<u>31.880.888</u>
The movement of the cash flow:		
Cash at the beginning of the year	<u>59.460.109</u>	<u>27.579.221</u>
Increase / (Decrease) of cash and cash equivalent	<u>276.716.164</u>	<u>31.880.888</u>
Cash at the end of period	<u>336.176.273</u>	<u>59.460.109</u>

The presented individual financial situations have been approved by the management on March 22, 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief accountant

The enclosed notes are part and parcel of these individual financial situations.

OLTCHIM S.A.
in judicial reorganisation, en redressement
INDIVIDUAL SITUATION OF THE CHANGES OF OWN CAPITAL
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

	<u>Share capital</u>	<u>Reserves from reassessment</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Reported result</u>	<u>Total</u>
Balance on January 1st, 2017	1.018.299.809	379.695.343	6.842.711	7.990.245	(1.786.500.248)	(373.672.140)
Result of the period	-	-	-	-	47.732.190	47.732.190
Reserves from reassessment	-	(57.726.439)	-	-	100.060.475	42.334.036
Adjustments regarding the provisions for the employees' benefits	-	-	-	-	441.565	441.565
Deferred tax	-	-	-	-	9.236.230	9.236.230
Other elements of the result	-	-	-	-	645.382	645.382
Balance on December 31st, 2017	1.018.299.809	321.968.904	6.842.711	7.990.245	(1.628.384.406)	(273.282.737)
Balance on January 1st, 2018	1.018.299.809	321.968.905	6.842.711	7.990.245	(1.628.384.407)	(273.282.737)
Result of the period	-	-	-	-	28.415.957	28.415.957
Reserves from reassessment	-	(251.805.671)	-	-	253.358.908	1.553.237
Deferred tax	-	-	-	-	40.288.908	40.288.908
Other elements of the result	-	-	-	-	(116.673)	(116.673)
Balance on December 31st, 2018	1.018.299.809	70.163.233	6.842.711	7.990.245	(1.306.437.307)	(203.141.309)

The presented individual financial situations have been approved by the management on March 22, 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

The enclosed notes are part and parcel of these individual financial situations.

OLTCHIM S.A.
in judicial reorganisation, en redressement
NOTES TO THE INDIVIDUAL FINANCIAL SITUATIONS
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

1. GENERAL INFORMATION AND MAIN ACTIVITIES

The trading company Oltchim S.A. is a Romanian legal entity, with legal form limited liability company and was set up based on the Law 15/1990 by the Government Decision no. 1213/20.11.1990.

The company's headquarters is in Romania, Valcea County, Rm. Valcea, 1 Uzinei street.

The company's main field of activity is the manufacture of organic chemicals.

Starting on January 30, 2013 there have been started the insolvency proceedings for Oltchim SA.

By the Sentence no. 892/22.04.2015 pronounced in the insolvency file no. 887/90/2013, pending on the Law Court Valcea, it has been confirmed the Reorganisation Plan of the debtor Oltchim SA proposed by the Consortium of insolvency administrators ROMINSOLV SPRL and BDO BUSINESS RESTRUCTURING SPRL

The sentence is final and irrevocable by over-ruling as unfounded the appeals declared by Electrica Furnizare SA and ANAF, this decision being pronounced by the Appeals Court Pitesti on 09/24/2015. Oltchim SA is in judicial reorganisation.

In the Meeting of the Creditors' Assembly of August 22nd, 2016 it has been approved the extension of the reorganisation period by one more year, respectively until April 2019.

In June 2018 it has been finalised the transaction regarding the sale of the asset Division Building Materials Ramplast. Thus, on June 12, 2018 it has been signed at the Notary Office the sale contract concluded between Oltchim SA as seller and Dynamic Selling Group SRL Galati as buyer, and on June 13, 2018 it has been fully cashed the transaction price in amount of 12.111.320 lei, without VAT.

In December 2018 it has been finalised the transaction regarding the sale of the assets on the industrial platform at Rm.Valcea, respectively the functional assets (packages 1 – 5 and partially 7) to the company Chimcomplex SA Borzesti. Thus, on December 7, 2018, based on the assets' sale contract, there have been sold the assets (intellectual property rights, land, buildings, movable property, investments in progress) related to the chlor-alkali, propenoxide, polyols-polyethers, oxo-alcohols installations, monomer, PVC I, utilities, the wagons park on the industrial platform Rm.Valcea. The value of the transaction was 589.328.986 lei, without TVA. Future activity of the Company is described in the note on Activity's Continuity.

In 2018, the company sold the chemicals both on the domestic market, approximately 24% of the turnover, and on the international market, approximately 76% of the turnover.

The integrated management system quality environment (ISO 9001 and ISO 14001) of Oltchim has been certified in 2017 by TUV Management Service, the certification being valid until 2020.

Shareholders' structure

Oltchim is a company listed at the Stock Exchange Bucharest, standard category, symbol OLT. The Company's shares have been suspended from transaction during the beginning of the insolvency and the confirmation of the Reorganisation Plan proposed by the consortium of insolvency administrators, respectively during 01/30/2013-09/29/2015. The restart at transaction was made on 09/30/2015.

The Romanian State, represented by the Ministry of Economy, is the main shareholder. The nominal subscribed and paid-up share capital both on December 31st, 2018, and on December 31st, 2017 is 34.321.138 lei divided in 343.211.383 shares, each share with a nominal value of 0,10 lei. Each share gives the right to its holder to one single vote.

OLTCHIM S.A.
in judicial reorganisation, en redressement
NOTES TO THE INDIVIDUAL FINANCIAL SITUATIONS
FOR THE YEAR COMPLETED ON DECEMBER 31st, 2018
(all amounts are expressed in LEI, unless otherwise specified)

The shareholders' structure is as follows:

Shareholders	December 31st, 2018		December 31st, 2017	
	Number of shares	%	Number of shares	%
Romanian State, by the Ministry of Economy	188.100.976	54,8062	188.100.976	54,8062
PCC SE	111.005.766	32,3433	111.005.766	32,3433
Natural people	41.757.738	12,1668	40.452.898	11,7866
Legal entities	2.346.903	0,6838	3.651.743	1,0640
TOTAL	343.211.383	100	343.211.383	100

Activities carried out by the Company

The business activity is mainly composed of: production of polyols-polyethers, chor-alkali products, oxoalcohols, and other chemicals, including services and technical assistance and their trade both internally and externally, in compliance with the provisions of the Articles of Incorporation.

The average number of employees in 2018: 1.814 employees (average number of employees 2017: 1.950 employees).

Management's structure

By the Sentence no. 617 of January 30, 2013 pronounced by the Law Court Valcea – IInd Civil Section, in the file no. 887/90/2013 insolvency administrator was appointed the consortium composed of ROMINSOLV SPRL Bucharest, with headquarters in Bucharest, 223 Splaiul Unirii, 3rd floor, 3rd district, registration number in the Registry for Forms of Organisation RFO 0122/2006, duly represented by Coordinating Partner Gheorghe Piperea, and BDO BUSINESS RESTRUCTURING S.P.R.L., with headquarters in Bucharest, 24 Invingatorilor street, Building Victory Business Center, 3rd floor, 3rd district, registration number in the Registry for Forms of Organisation RFO 0239/2006, duly represented by Coordinating Partner Nicolae Balan.

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

During January 1st, - December 7th, 2018, the company's management was provided by:

Consortium composed of:

- ROMINSOLV S.P.R.L.,
duly represented by Coordinating Partner Gheorghe Piperea
and BDO BUSINESS RESTRUCTURING S.P.R.L.,
duly represented by Coordinating Partner Nicolae Balan
 - Stanescu Nicolae Bogdan Codrut
 - Avram Danut Victor
 - Andrei Nicu Laurentiu
 - Spiru-Ciobescu Laurentiu-Armand
 - Necsulescu Vasile Sorinel
 - Smeu Alin Ion
 - Munteanu Dana Maria
 - Pirvu Marius*
- Insolvency Administrators
Special Administrator
Deputy Managing Director
Director Production Directorate
Director Commercial Directorate
Director Maintenance Energy Directorate
Director Economic Directorate
Director Human Resources Directorate
Director Petrochemical Directorate Bradu

* Starting on 03/29/2018 it has been suspended the individual labour contract of Mr. Pîrvu Marius, Director of the Petrochemical Directorate Bradu, during the period of exercising the position of president of the National Authority for Consumers' Protection, according to the Prime-Minister's decision of appointment no.150 of March 28, 2018.

Starting on December 8, 2018, after the assignment of the assets' property rights to Chimcomplex Borzești, it has been approved a new organizational structure of which management is provided by the special administrator, Mr. Stănescu Bogdan.

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2. THE MAIN ACCOUNTING POLICIES

2.1 Declaration of conformity

These individual financial situations have been drawn up in compliance with the provisions of the Ministry of Public Finances' Order no. 2844/12.12.2016 for the approval of the accounting regulations compliant with The International Financial Reporting Standards – IFRS, applicable to the companies of which transferable securities are admitted to transaction on a regulated market.

The financial situations have been approved on March 22, 2019.

2.2 The application of new and revised IFRS

Oltchim SA has firstly drawn up financial situations according to the IFRS on December 31st, 2012 further to the application of the provisions of the OMFP 1286/2012.

The company has the obligation to draw up annual individual financial situations consolidated in compliance with the International Financial Reporting Standards approved by the European Union („IFRS”). The group Oltchim, including Oltchim S.A. in judicial reorganisation and its subsidiaries, shall draw up a set of financial situations consolidated in compliance with the IFRS as they have been approved by the European Union, for the financial year completed on December 31st, 2018, and which shall be published in compliance with the provisions of the legislation in force.

The financial situations have been prepared based on the principle of activity's continuity under bankruptcy that will follow the closure of Reorganization plan in April 2019. The financial situations are prepared in compliance with the IFRS as they have been approved by the European Union.

Initial application of new amendments to the existing standards effective for the current reporting period

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 “Revenue from Contracts with Customers”** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 2 “Share-based Payment”** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 “Insurance Contracts”** - Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “Financial Instruments” is applied first time),
- **Amendments to IAS 40 “Investment Property”** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to “Improvements to IFRSs (cycle 2014-2016)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (effective for annual periods beginning on or after 1 January 2018).

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New standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new standards, amendments to existing standards and new interpretation were in issue, but not yet effective:

- **IFRS 16 “Leases”** (effective for annual periods beginning on or after 1 January 2019),
- **IFRS 17 “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 3 “Business Combinations”** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).
- **Amendments to IFRS 9 “Financial Instruments”** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 19 “Employee Benefits”** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2015-2017)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020),
- **IFRIC 23 “Uncertainty over Income Tax Treatments”** (effective for annual periods beginning on or after 1 January 2019).

Initial application of new amendments to the existing standards effective for the current reporting period

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 9 “Financial Instruments”** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

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- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions - adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers - adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property - adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 -2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following new standard, amendments to the existing standard and interpretation issued by IASB and adopted by the EU are not yet effective:

- **IFRS 16 "Leases"** - adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

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- **IFRS 17 “Insurance Contracts”** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 3 “Business Combinations”** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 19 “Employee Benefits”** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2015 -2017)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

More details about individual standards, amendments to existing standards and interpretations that can be used as appropriate:

- **IFRS 9 “Financial Instruments”** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

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Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **IFRS 15 "Revenue from Contracts with Customers"** issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 IASB made clarifications to this standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.
- **IFRS 16 "Leases"** issued by IASB on 13 January 2016. Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.
- **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied.
- **Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions** issued by IASB on 20 June 2016. The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- **Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts** issued by IASB on 12 September 2016. The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing the replacement standard that the Board is developing for IFRS 4.

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- **Amendments to IFRS 9 “Financial Instruments” - Prepayment Features with Negative Compensation** issued by IASB on 12 October 2017. The amendments modifies the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint

- **Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Material** issued by IASB on 31 October 2018. The amendments clarify the definition of material and how it should be applied by including in the definition guidance.
- **Amendments to IAS 19 “Employee Benefits” - Plan Amendment, Curtailment or Settlement** issued by IASB on 7 February 2018. The amendments require to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures” - Long-term Interests in Associates and Joint Ventures** issued by IASB on 12 October 2017. Amendments were introduced to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Amendments also delete paragraph 41 because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.
- **Amendments to IAS 40 “Investment Property” - Transfers of Investment Property** issued by IASB on 8 December 2016. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. Amendments also state that the list of evidence in paragraph 57 was designated as non-exhaustive list of examples instead of the previous exhaustive list.
- **Amendments to IFRS 1 and IAS 28 due to “Improvements to IFRSs (cycle 2014 - 2016)”** issued by IASB on 8 December 2016. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording. Changes include: (i) deletion of the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose, (ii) clarification of the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- **Amendments to IFRS 3 “Business Combinations” - Definition of a Business** issued by IASB on 22 October 2018. Amendments were introduced to improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

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Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)" issued by IASB on 12 December

- 2017. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording. The amendments clarify that: a company remeasures its previously held interest in a joint operation when it obtains control of the business (IFRS 3); a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business (IFRS 11); a company accounts for all income tax consequences of dividend payments in the same way (IAS 12); and a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- **Amendments to References to the Conceptual Framework in IFRS Standards** issued by IASB on 29 March 2018. Due to the fact that Conceptual Framework was revised, the IASB updated references to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** issued by IASB on 8 December 2016. Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** issued by IASB on 7 June 2017. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

2.3 Activity's continuity

The present financial situations have been drawn up based on the principle of the activity's continuity according to the Reorganization Plan, confirmed by Bankruptcy Judge by the Sentence no. 892/22.04.2015 pronounced in the insolvency file no. 887/90/2013 – Law Court Valcea, and not based on the base of continuity of production activity and normal operation of the plants, given that the Company will have no production activity after December 31, 2018. The Plan of judicial reorganisation has been approved with the agreement of some partial payments of the Company's debts to its creditors according to an agreed timetable. In the Meeting of the Oltechim Creditors' Assembly of August 22nd, 2016 it has been approved the request of the Consortium of insolvency administrators to extend the reorganisation period of the Company's activity by one year, until April 2019, respectively the Reorganisation Plan must be implemented in 4 years from the confirmation by the bankruptcy judge. The Plan of judicial reorganisation is based on hypotheses and on a projection of future cash flows and depends on events which may or may not appear.

The Reorganisation Plan shall be complete in April 2019, after which, procedurally, the Company will enter the stage of bankruptcy by operation of law, in the next months. In the stage of bankruptcy the Company carries out the activity for the accomplishment of objectives to sell fully the company's assets and close the liabilities from the table of creditors outstanding as at December 31, 2018 according to the Reorganization Plan.

Due to current activity status after selling operational assets to Chimcomplex and that the remaining tangible assets will not be used in the production process in the future, the company decided to reevaluate the remaining tangible assets, revaluation which was performed by an independent appraiser authorized by ANEVAR. In the financial statements of the company as at December 31, 2018, fixed assets are presented at liquidation value, assuming that the assets shall be sold on bundles and based on functionality considerations of the seller. The liquidation values of the assets and liabilities registered at December 2018 can be significantly different from what can be realised during the stage of bankruptcy. The financial statements as at December 31, 2018 do not include any adjustment related to this uncertainty.

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2.4 Bases of assessment

At the transition date to IFRS (January 1st, 2011), the Company chose to present the tangible assets at the value established further to the reassessment on December 31st, 2010. Further to the passage to the IFRS, the Company chose to present the tangible assets at reassessed values. Any increase resulted from the reassessment of the tangible assets is registered directly in the credit of own funds accounts, in the reserve from reassessment, unless it existed a previous decrease admitted as an expense related to that asset, in which case the increase is recognized as a revenue to compensate the expense previously recognized at that asset. A decrease of the net accounting value resulted from reassessment is treated as an expense to the extent that in reserve from reassessment no amount related to that asset is registered.

The depreciation related to the reassessed tangible assets is registered in the profit and loss account. At the discard or further cessation of a reassessed asset, the attributable excess from reassessment included in the reassessment reserve is transferred directly to the reported result representing the excess achieved from reassessment reserves. The transfer of the reassessment reserve is possible only in case of derecognition of the asset.

The last revaluation has been performed by an independent appraiser having as reference date for liquidation value assessment December 31, 2018, considering that assets used in production activity have been sold in December 2018 according to the Reorganization Plan. The assets are presented at the liquidation value on the premises that the assets shall be subject to the block sale on packages of assets and on the functionality basis. In 2018, the company decided to perform the reassessment of the tangible assets, reassessment that has been made by an independent assessor, respectively the company Romcontrol SA - authorised ANEVAR.

The financial situations are drawn up at historical cost and changed to include the adjustment of own funds according to the International Accounting Standard ("IAS") 29 ("Financial reporting in the hyperinflationary economies") until December 31st, 2003. Starting on January 1st, 2004, the Romanian economy is no more considered hyperinflationary. The Company ceased to apply the IAS 29 starting with this date.

2.5 Functional and presentation currency

These financial situations are presented in LEI. All financial information is presented in LEI, unless otherwise specified. For the purpose of drawing up these financial situations, in compliance with the Romanian legislative requests (OMFP 2844/2016), the Company's functional currency is considered to be Leu.

2.6 The use of estimations and professional judgements

The preparation of the financial situations in compliance with the IFRS UE supposes the use, by the management, of estimations, judgements and suppositions which affect the application of the accounting policies, as well as the reported value of the assets, debts, revenues and expenses. The estimates and the suppositions associated to these estimates are based on the historical experience, as well as on other factors considered reasonable in the context of these estimates. The results of these estimates and hypotheses form the basis of the judgements concerning the accounting values of the assets and debts which cannot be obtained from other sources of information. The actual results may be different from the values of the estimates.

The estimations and the hypotheses underlying to them are periodically revised. The revisions of the accounting estimates are recognized in the period in which the estimates are being revised, if the revision affects only that period of time, as well as the future periods of time affected.

The estimates and the professional judgements made by the management mainly refers to: the estimate of the revenues not invoiced at the end of the year, the assets' useful lifetime, the estimate of the adjustments for the depreciation of claims and stocks, the calculation of provisions, the employees' benefits, duties and taxes, contingent liability.

Lifetime of the tangible assets

The management revises the suitability of the tangible assets' useful lifetime at the end of each reporting period.

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Provisions for fixed assets

The management revises the use of the tangible assets at the end of each reporting period.

Claims and invoices to be made

The management estimates at the end of each reporting period the probability of collecting the claims and constitutes adjustments of value for the part considered to be non-recoverable. The adjustments are made based on the specific analysis of the invoices that are in balance.

Also, the management estimates the value of the invoices to be made on the basis of the electricity sale contract.

Invoices to be received

The value of the invoices to be received is estimated by the management on the basis of contracts concluded with the suppliers and by their comparative analysis with the previous periods of time.

Deferred tax

The assets and the debts of deferred tax are determined based on the temporary differences between the accounting value and the assets and debts from the financial situations and their fiscal value. The recognition of the assets regarding the deferred tax is made in so far as it is highly possible that a taxable benefit, on which these temporary deductible differences may be imputed, may be available.

Provisions and contingent debts

The management does estimates and uses professional judgements in the process of measurement and recognition of the provisions, in the determination of exposure to contingent debts resulted from the litigations that the Company is involved in or from other disputes that are the subject of negotiations, arbitration or regulations. The professional judgement is used to determine the probability that a certain dispute should be lost and a debt would rise and to quantify the value of this debt. Further to the incertitude involved in this assessment process, the actual debts may be different from the initially estimated provisions.

2.7 Foreign currency

Transactions in foreign currency

The transactions in foreign currency are transformed in the Company's functional currency by using the exchange rate valid on the transaction date. The monetary assets and the denominated debts in the foreign currency on the date of drawing up the balance sheet are transformed in the functional currency with an exchange rate on the date of the balance sheet. The differences of exchange rate are registered in the profit and loss account. The non-monetary assets and liabilities that are presented starting from the historical cost in foreign currency are transformed by using the exchange rate on the transaction date.

Transactions in foreign currency

The exchange rates on December 31st, 2018 and December 31st, 2017 are as follows:

Currency	December 31st, 2018	December 31st, 2017
1 euro	4,6639	4,6597
1 US dollar	4,0736	3,8915

2.8 Combinations of enterprises

The company applied IFRS 3 "Combinations of enterprises" for the accounting of the assets' take over related to the petrochemical activity from the Petrochemical Directorate Bradu, the activity purchased from OMV PETROM SA in January 2010.

According to the IFRS 3 "Combinations of enterprises", the value of the components purchased from Arpechim is recognized at the fair value. The difference between the fair value on the date of procurement of the identifiable purchased assets and of assumed debts and the fair value at the procurement date of the transferred payment has been recognized as revenue of the year.

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2.9 Segment reporting

An operational segment is a Company's component, which commits to activities further to which it may obtain revenues and register expenses, including revenues and expenses related to transactions with any of the other components of the Company. The results from exploitation of an operational segment are periodically revised by the CEO to make decisions regarding the resources that are to be allocated to the segment and to analyze its performance and for which distinct financial information is available.

The results of the segments that are reported to the management include elements directly attributable to one segment, but also elements that can be allocated on a reasonable basis. The non-allocated elements mainly comprise corporate assets (principally the Company's headquarters), the expenses related to the head office and the claims and debts regarding the corporate tax.

The segment capital expenditures represent the total cost borne during the period with the procurement of tangible and non-tangible assets, others than the commercial fund.

2.10 Tangible assets and assets held for sale

a. Own assets

As of the transaction date at IFRS (01/01/2011), the Company chose to present the tangible assets at the value established further to the reassessment on December 31st, 2010. Further to the passage to IFRS, the Company chose to present the tangible assets at reassessed values. Any increase resulted from the reassessment of the tangible assets is registered directly in the credit of own funds' accounts, in the reserve from reassessment, if there was no previous decrease recognized as an expense related to that asset, in which case the increase is recognized as revenue which could compensate the expenses previously recognized at that asset. A decrease of the net accounting value resulted from reassessment is treated as an expense in so far as in the reserve from reassessment no amount related to that asset is registered. The depreciation related to the reassessed tangible assets is registered in the profit and loss account. At the discard or further disposal of a reassessed asset, the attributable excess from reassessment included in the reserve from reassessment is transferred directly into the reported result representing the excess achieved from reassessment reserves. The transfer of the reserve from reassessment is not possible unless in case of derecognition of the asset.

The tangible assets are presented at their reassessed value except the accumulated depreciation and the losses from depreciation. The cost of the self-constructed assets includes the cost of materials, of direct salaries, of the initial estimation, if need be, of the disassembly and elements movement's cost and the restoration of the location directly attributable, and a quota of the indirect expenses.

When an asset presents major components with different useful lifetimes, these components are registered as separate asset elements. The fair value of the tangible fixed assets has been established based on the principle of activity's continuity in the stage of bankruptcy according to the Insolvency Law and Reorganization Plan. The remaining assets have been revaluated and are presented at the liquidation value on the premise that the assets shall be submitted to the block sale on bundles of assets and on the premise of functionality. In 2018, the company decided to make the reassessment of the tangible assets, reassessment which was accomplished by an independent assessor, respectively the company Romcontrol SA - authorized ANEVAR.

On December 31, 2018 the Company made the reclassification of the remaining assets after the sales to Chimcomplex Borzesti and Dynamic Selling Group, as Assets held for sale, considering that these assets shall not be used in production activity.

An element like the tangible assets must be removed from the company's records at disposal or discard, when no other future economic benefit is no longer expected from its further use.

b. Further expenses

The company recognizes in the accounting net value of a tangible fixed asset the cost of a replaced component, if the recognition criteria are accomplished: generating to the Company future economic benefits related to the asset is possible and the cost of the asset may be credibly assessed. The expenses with the repair or the maintenance of the fixed assets performed to reestablish or to keep the value of these assets are recognized in the profit and loss account when performed.

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c. Depreciation

The depreciation is calculated at the reassessed values, through straight-line method, during the useful estimated lifetime of the assets, starting with the next month of putting into service, as follows:

	<u>Years</u>
Buildings and special constructions	10 - 50
Technical installations and machines	3 - 15
Furniture, equipment, office automation, others	3 - 15

The land and the assets in progress are not subject to the depreciation.

The depreciation of an asset ceases at the first date between the date when the asset is classified as held for sale, according to IFRS 5, and the date when the asset is derecognised.

The expenses made to replace a component of an element of tangible assets that is registered in accounts as a separate asset are capitalized in the fixed asset with the accounting value of the replaced component. Other further expenses are capitalized only when they generate further economic benefits for the Company. All other expenses are incorporated in the profit and loss account as they are performed.

The cost with the repair and the maintenance of the tangible assets are passed on expenses as they are performed. The improvements which significantly increase the lifetime or the value of the fixed asset are capitalized.

2.11 Non-tangible assets and assets held for sale

The expenses for the procurement of patents, licenses, trade marks are capitalized and depreciated in straight-line during their useful lifetime, but not more than 10 years, except the patents where the lifetime may be of most 17 years.

Further to the transition to IFRS, the Company chose to present the non-tangible assets at reassessed values. Any increase resulted from the reassessment of the non-tangible assets is registered directly in the credit of own funds' accounts, in the reserve from reassessment, if there was no previous decrease recognized as an expense related to that asset, in which case the increase is recognized as revenue, which could compensate the expense previously recognized at that asset. A decrease of the net accounting value resulted from reassessment is treated as an expense in so far as in the reserve from reassessment no amount related to that asset is registered. The depreciation related to the reassessed non-tangible assets is registered in the profit and loss account. At the discard or further disposal of a reassessed asset, the attributable excess from reassessment included in the reserve from reassessment is transferred directly into the reported result representing the excess achieved from reassessment reserves. The transfer of the reserve from reassessment is not possible unless in case of derecognition of the asset.

Other assets are recognized at the reassessed value except the accumulated depreciation and the cumulative adjustments of value. The Company's non-tangible assets have been reassessed in 2018, thus the financial situations comprise the assets at the reassessed value.

The non-tangible assets are presented at their reassessed value except the accumulated depreciation and the losses from depreciation.

The depreciation is recognized in the profit and loss account based on the straight-line method during the estimated lifetime of the non-tangible assets. The lifetimes are as follows:

- patents up to 17 years
- trade marks up to 10 years;
- other non-tangible assets up to 3 years.

The depreciable value of an asset must be systematically allocated on the useful lifetime. The used depreciation method is the straight-line method. The depreciation of an asset ceases at the first date between the date when the asset is classified as owned for sale, in compliance with the IFRS 5, and the date on which the asset is derecognised.

On December 31, 2018 the Company reclassified the intangible fixed assets left after the sale to Chimcomplex SA Borzesti and Dynamic Selling Group as Assets held for sale.

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2.12 Clients and assimilated accounts

The clients accounts and the assimilated accounts include the invoices issued and not collected on December 31st, 2018 at the nominal value related to the services performed during 2018. The clients accounts and assimilated accounts are registered at the depreciated cost less the losses from depreciation. The depreciated cost approximates the nominal value. The final losses may vary from the current estimations.

2.13 Stocks

The accounting value of the stocks is recognised as an expense in the period of time in which the appropriate revenue has been recognized, when the stocks are sold or used in the Company. The cost of supplied stocks is determined method-based "first in, first out".

The cost of the finished goods and of the ones in progress comprises raw materials, the direct workforce, other direct expenses and indirect expenses referring to production (based on the normal production capacity), but excluding the cost of loans. The achievable net value is the sale price estimated in the normal course of activity minus the estimated costs estimated for finalisation, if need be, and the expenses incurred by sale. If need be, adjustments for the stocks with slow motion, physically and morally used are registered.

2.14 Monetary availabilities

The monetary availabilities include the house, the current accounts and the bank deposits.

2.15 Loss of value

The net accounting value of the assets is analyzed at the end of each balance sheet in order to determine whether there are losses of value. If such a decrease is probable, the recoverable value of that asset is estimated. A loss of value is recognized when the net accounting value of the asset is superior to its recoverable value. The losses of value are registered in the profit and loss account.

a. Calculation of the recoverable value

The recoverable value of the Company's long term financial asset (for example: claims) is calculated as a present value of the future cash flows.

The recoverable value of other assets is considered the biggest value of the sale value and the utility value. The estimation of an asset's utility value involves the update of the estimated future treasury flows by using an update rate before taxation, which reflects the current market assessments regarding the money's value over time and the risks related to that asset. In case of an asset which does not generate independently significant treasury flows, the recoverable value is determined for the cash-generating unit which the asset belongs to.

b. Loss of value's reversals

The loss of value related to a financial asset (for example: claims) is restarted when the further increase of the recoverable value may be connected to an event which took place after the loss from depreciation has been recognised.

For other reasons, a loss of value is restarted if there is the certainty that the loss of value does not exist anymore and there have been changes in the estimation of the recoverable value.

A loss of value can be restarted in so far as the accounting value of the asset does not exceed the recoverable value, less the depreciation, which would have been determined if the loss of value had not been recognised.

2.16 Share capital

The share capital includes the ordinary shares registered at the nominal value.

The company recognises the changes to the share capital in the terms stipulated by the legislation in force and only after their registration to the Office of the Trade Registry.

The value of the share capital has been adjusted according to IAS 29 "Financial reporting in the hyperinflationary economies".

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2.17 Dividends

The dividends are recognised as debt and deducted from own funds when their distribution is approved if they have been declared before or on the balance sheet's date.

On 12/31/2018 the Company does not register dividends.

2.18 Suppliers and assimilated accounts

The debts to suppliers and other debts include the equivalent value of the invoices issued by the supplier of products, executed works and performed services, as well as the value of the performed and not invoiced services.

2.19 Interest-bearing loans

The loans are initially recognised at the fair value, net from the transaction costs. Further to the initial recognition, the loans are registered at the depreciated cost, any difference between cost and the reimbursement value being recognised in the profit and loss account during the loan based on an effective interest rate.

2.20 Financial instruments

The financial assets and the financial debts include the cash and the cash equivalent, the clients and other assimilated accounts, the suppliers and other assimilated accounts, the loans. The accounting policies regarding the recognition and the measurement of these elements are presented in the respective accounting policies in this note.

The financial instruments are classified as debts or own funds in concordance with the contents of the contractual agreement. The interest, the profits and the losses associated to a financial instrument classified as debt are reported as expense or revenue on the date of their occurrence. The payments to the owners of financial instruments classified in own funds are registered directly in own funds. The financial instruments are compensated when the Company has the legal right to compensate and intends either to compensate on a net basis or to perform the asset and deduct the debt simultaneously.

2.21 Leasing

The leasing contracts in which the Company fully takes the risks and the benefits associated to the property are classified as financial leasing.

The fixed means purchased through financial leasing are presented as fixed assets at fair value on the procurement date. The debt against the leasing company is included in the balance sheet as debt regarding the leasing contracts. The initial recognition of the assets purchased through leasing is made at the minimum between the fair value and the present value of the minimum leasing payments.

The cost of financing represents the difference between the total expenses which arise from the leasing contract and the fair value of the purchased fixed asset. The cost of financing is registered during the leasing period so as to produce a constant value of the expense for the balance of the debt related to each accounting period. The value of the rents to be paid for the operational leasing is registered in the straight-line profit and loss account during the leasing period.

During 2018 the company did not conclude and did not have in progress any leasing contracts.

2.22 The expense with the corporate tax

The corporate tax comprises a current part and a deferred part. The corporate tax is recognised in the profit and loss account except when it refers to positions previously recognised directly in the own funds, in which case it is presented in own funds.

The current tax is calculated based on the fiscal result of the period, by using the tax quota in force on the date of the balance sheet, adjusted with the corrections of the previous years.

The deferred tax is obtained by applying the balance sheet method on all temporary differences between

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the accounting value and the fiscal basis of the balance sheet elements. The following temporary differences are not taken into consideration: the commercial fund fiscally non deductible, the initial recognition of the assets and liabilities which are not combinations of enterprises and which do not affect the accounting profit and the taxable profit. The deferred tax is calculated based on the taxation rates stipulated by the legislation in force to be applied when the temporary difference is made.

The deferred tax to the payment is recognised only to the extent in which it is probable to get a taxable profit in future, so that the fiscal reported losses and the temporary differences could be used. The deferred tax to the payment is diminished in so far as the related fiscal benefit is unlikely to be performed.

Information regarding the calculation of the corporate tax is included in the Note 13.

2.23 Employees' benefits

During the course of its activity, the Company makes payments to the Romanian State on behalf of its employees, respectively the contribution to the social security health insurance fund and the contribution for work. These costs are recognised in the profit and loss account together with the related salary costs. All Company's employees are part of the State pension scheme. The company is not committed to any other pension system and therefore does not assume any type of obligations in this respect.

The short term salary obligations due to the employees are registered in the profit and loss account when it took benefits of the services given by them.

According to the Collective Labour Contract, the Company grants the employees who retire for old-age or by request an indemnity equivalent to three basic salaries to which it adds the seniority increase at the retirement date.

On December 31st, 2018 the Company registered a provision for the benefits granted to the employees according to the Actuarial report drawn up by an external actuary expert, in compliance with the provisions of IAS 19.

In case of individual or collective dismissals of the employees for reasons others than the employee, they take benefit of compensatory payments as follows:

1. for continuous seniority in Oltchim between 0 - 5 years a net amount of 19.800 lei;
2. for continuous seniority in Oltchim between 5 - 15 years a net amount of 29.700 lei;
3. for continuous seniority in Oltchim between > 15 years a net amount of 39.600 lei.

2.24 Revenues

Revenue Recognition

The revenues are evaluated according to IFRS 15- Revenues from Contracts with Customers. This Standard introduces a comprehensive model for income recognition and measurement, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs".

IFRS 15 establishes a five-step model to record revenue from customer contracts:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contracts
- Step 5: Recognise revenue as the entity satisfies a performance obligation

In accordance with IFRS 15, revenue is recognized when or as the customer acquires control of the goods or services in the amount that reflects the consideration to which an entity expects to have the right in exchange for the transfer of goods or services to a customer. The company delivers goods under contract conditions based on internationally accepted delivery conditions (INCOTERMS).

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The moment the customer acquires control of the goods is considered to be substantially the same for most of the Company's contracts under IFRS 15. The Company has concluded that revenue should be recognized at a time when asset control is transferred to the customer.

Revenue is not recognized when there is only the intention to acquire or produce the goods in time to be delivered. If the entity retains significant property risks, the transaction is not a sale and the revenue is not recognized. If the company retains only an insignificant risk of ownership, then the transaction represents a sale and the revenue is recognized.

The new revenue standard has replaced all previous IFRS revenue recognition requirements. Full retrospective application or modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The company adopted the new standard at the mandatory entry into force using the modified retrospective method. As a result of the Company's analysis, there was no impact from IFRS 15 that required the restatement of the retained earnings, so no effect from restatement was recorded in retained earnings.

Invoiced sales, but undelivered

Revenues from sales "invoiced but undelivered" (custody at the seller) by which the buyer becomes the owner of the goods and accepts their invoicing, but delivery is postponed at his request. Revenue is recognized when the buyer becomes the owner of the goods only if:

- a) the reason of the agreement with invoicing before delivery should be substantial (to exist a written request from the customer);
- b) the product must be ready for physical transfer to the customer on a regular basis;
- c) the product must be identified separately as belonging to the customer;
- d) The company may not be able to use the product or direct it to another customer.

Revenue from service provision is recognized if it can be measured reliably.

Revenue associated with the transaction should be recognized based on the stage of the transaction performance at the date of the balance sheet.

The result of a transaction can be estimated reliably when all of the following conditions are met:

- a. the amount of revenue can be measured reliably;
- b. it is likely that the economic benefits associated with the transaction will be generated for the entity;
- c. the stage of transaction completion at the end of reporting period can be reliably evaluated; and
- d. The costs incurred for the transaction and the transaction completion costs can be reliably assessed.

When the outcome of a transaction involving the provision of services can not be estimated reliably, revenue should be recognized only to the extent of the recoverable recognized expenses.

Revenue from royalties and rents is recognized on the basis of accrual accounting in accordance with the economic substance of the contract in question.

Revenue from interest is recognized periodically, on a pro rata basis, as the revenue is generated.

Revenue from dividends is recognized when the shareholder's right to receive payment is established.

Revenue from decrease or cancellation of provisions, or impairment for adjustments or write-downs, is recognized if it is no longer justified to maintain it, the risk is incurred or the expense becomes exigible.

Gains from the sale of assets are stated at net value.

2.25 Revenues and financial expenses

The financial expenses represent the sum of the revenues from interests related to the bank availabilities, revenues from dividends, profits from the transfer of the financial assets valid for sale, changes in the fair value of the financial assets, profits from the exchange rate, which are registered in the profit and loss account. The revenues from dividends are recognised when the Company's right to receive dividends is recognised.

The financial expenses represent the sum of the interest related to the contracted loans, losses due to the exchange rate, changes in the fair value of the financial assets and the losses of value of the financial assets. All expenses related to the contracted loans are presented based on the effective interest.

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2.26 The cost of loans

The company capitalizes the cost of loans which applies to the assets that need a certain period of time to be prepared for use or sale.

2.27 Government subsidies

The government subsidies received for the procurement of fixed assets are included in long term debts as deferred revenue and are credited in the straight-line profit and loss account during the period of time representing the estimated lifetime of the fixed asset.

2.28 Further events

The attached financial situations reflect the events further to the end of the year, providing additional information about the Company's position at the balance sheet's closing date or those indicating a possible breach of the activity's continuity principle (events which cause adjustments). Future events which do not constitute events causing adjustments are presented in notes when they are considered significant.

2.29 Earnings per share

According to IAS 33, the earnings per share are calculated by dividing the profit or the loss attributed to the Company's shareholders to the weighted average of the ordinary shares.

The weighted average of the shares in circulation during the exercise represent the number of shares from the beginning of the period, adjusted with the number of issued shares, multiplied with the number of months when the shares were in circulation during the exercise.

2.30 Certificates of greenhouse gas emissions

The certificate of greenhouse gas emissions that are received on a free basis from the Romanian Government are recognised at zero cost, in compliance with IAS 20 "Government subsidies". The greenhouse gas emissions create the obligation to buy certificates of emission.

In compliance with the Government Decree no. 780/2006, for the application of the European Directive no. 2003/2007/CE regarding the greenhouse gas emissions, Romania implemented a system to commercialize the certificates of greenhouse gas emissions.

A certificate of greenhouse gas emission is a deed which gives the Company the right to issue the equivalent of a tonne of carbon dioxide in a determined period of time. The purpose of the certificate is only to comply with the Government Decree no. 780/2006 regarding the application of the system to commercialize the certificates of greenhouse gas emissions.

For the new marketing period 2013-2020, which is the third marketing period, at the European Union's level it has been established the total number of certificates of greenhouse gas emissions, allocated for each member state and for each installation falling under the commercialisation scheme of the certificates of greenhouse gas emissions.

In 2011 it has been drawn up the Validation report, checked by an approved body, by which it has been made the calculation of the preliminary annual number of certificates allocated free of charge for the period 2013-2020, as a result of which there have been allocated 296.107 certificates on a yearly basis for the entire period.

In October 2013, after the application of some factors to reduce the emissions of carbon dioxide, the central public authority for the environment protection and climate changes informed the operators that the number of certificates allocated free of charge for the period 2013-2020 has been revised and may vary from year to year because the certificates will be granted depending on the changes of annual levels of activity for which their calculation has been made.

Until December 31st of each year during the period 2013-2020, Oltchim SA transmits to the central public authority for the environment protection and climate changes any relevant change of capacity, foreseen or effective, the level of the installation's activity and functioning according to the forms

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(Appendix 3 + Appendix 4) stipulated in the Order 89/2013, regarding the relevant changes (increases/diminutions of activity) in the Company, which may have an impact on the allocation of certificates of greenhouse gas emissions.

For 2018 there have been allocated 254.366 certificates for Oltchim Rm. Valcea and 0 certificates for the Petrochemical Directorate Bradu.

Further to the calculation, for 2018, there have been issued 94.007 certificates for Oltchim Rm. Valcea, which must be handed over until April 30th, 2019. The fact that the allocated number has not been overrun, has no impact in the financial statements of Oltchim SA.

2.31 Financial Assets

The entity's financial assets consist of trade receivables, other receivables, cash and cash equivalents, other financial assets, included in the statement of financial position.

IFRS 9 Financial instruments replaces IAS 39 Financial instruments: recognition and measurement for annual periods beginning on January 1, 2018, cumulating the three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

IFRS 9 comes with significant changes concerning the recognition and measurement of financial assets, based on a business model and on contractual cash flows and it implements a new model concerning the recognition of adjustments for impairment based on expected losses on receivables. Additionally, the standard shows changes concerning hedge accounting in order to better reflect the effect of risk management activities that a company adopts in order to manage the exposures.

Being allowed by the standard, the Company adopted IFRS 9 beginning on January 1, 2018 by using the modified retrospective method, with the cumulated adjustments from initial implementation and recognized on January 1, 2018 in equity and without changing the figures from previous periods. There are no significant differences between the initial evaluation method under IAS 39 and the new evaluation categories under IFRS 9 for the Company's financial asset categories.

IFRS 9 shows three main categories for the classification of financial assets: measured at amortised cost, measured at fair value through other elements of comprehensive income and measured at fair value through profit or loss.

The entity classifies the financial assets in one of the categories presented below, depending on the purpose they were purchased for:

- *Measurement at fair value through profit or loss* – is only made for the categories of financial derivatives held for sale. They are recognised in the balance sheet at fair value, and the changes in value are recognised in the profit and loss account.
- *Recognition of receivables* – this category includes those assets with a fixed maturity or with a maturity that can be easily determined and which are not quoted in an active market. They occur usually through provisions created for goods or services, but they may also include other types of monetary assets related to contracts. They are initially recognised at fair value plus transaction costs directly attributable to acquisition or issuance, and are subsequently recognised at amortised cost by using the effective interest method less the adjustment for impairment

The new impairment model in IFRS 9 states that adjustments for impairment are recognized according to expected losses on receivables and not according to the effective losses on receivables model as provided by IAS 39. IFRS 9 requires the company to record a provision for expected credit losses for all credits and other financial assets related to liabilities that are not held at fair value through profit or loss. The financial assets measured at amortised cost will be subject to the provisions on impairment under IFRS 9. Generally, the implementation of the expected losses on receivables model will presume earlier recording of losses on receivables and will lead to increase in the adjustment for impairment for the relevant items.

For certain financial instruments such as trade receivables, the losses on impairment are estimated based on a simplified approach, expected losses on receivables being recognised during their lifetimes. The Company has determined a provision matrix based on the Company's historical credit losses, adjusted for the prospective factors specific to the debtors and to the business environment.

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For other financial assets (long term loans to be received), expected credit losses are based on the 12-month losses or on the lifetime losses, depending on the evolution of the credit risk from the date of granting until the balance sheet date. 12-month expected credit losses represent the part of the lifetime expected credit losses resulting from non-occurrence of and event for a financial instrument, which are possible during a 12-month period from reporting date. Nevertheless, when there is a significant increase in credit risk from its initial recognition, the provision will be based on lifetime expected credit losses.

Accounting for foreign currency transactions is kept both in the transaction currency and in the national currency, the translation to the national currency being done according to the accounting policies related to the translation of foreign currency transactions shown above in these Notes.

2.32 Lease costs

The new standard, IFRS 16 Leases will come into force for annual periods beginning on or after January 1, 2019. This standard will replace the standard IAS 17 and it determines new requirements for the accounting of lease contracts. The Company made a preliminary analysis in order to determine the impact on the financial statements as at December 31, 2018. Following this, no impact of IFRS 16 resulted at the reporting date, December 31, 2018.

The most significant change proposed by the standard is to recognise a right to use as an asset and a lease liability that will lead to an increase in the value of tangible fixed assets and of liabilities. Depreciation and interests costs will be reported in the statement of income and expenses, instead of lease costs. This will lead to a slight increase in the operating profit that will be offset by higher interest costs.

Oltchim S.A. will initially apply IFRS 16 as at January 1, 2019, using the modified retrospective method on the transition date.

2.33 Contingencies

The contingent debts are not recognised in the financial situations. They are presented if the possibility of an outflow of resources which represents economic benefits is possible, but not likely. A contingent asset is not recognised in the attached financial situations, but it is presented when an input of economical benefits is likely.

2.34 Comparative figures

The financial statements for the financial period ended December 31, 2018 are comparable to the financial statements for the financial period ended December 31, 2017.

2.35 Comparative information

The Company has adopted the new standard IFRS 15 on the date of entry into force by using the modified retrospective method. Following the analysis performed by the Company, no impact of IFRS 15 to require the restatement of retained earnings resulted, so that no effect from the restatement on retained earnings was recorded.

Starting with year 2018 the Company adopted IFRS 9 by using the modified retrospective method, with the cumulated adjustments from initial implementation recognised in equity on January 1, 2018, and without changing the figures from previous periods. There are no significant differences between the initial evaluation method under IAS 39 and the new evaluation categories under IFRS 9 for the Company's financial asset categories. As for trade receivables, the Company determined a provision matrix based on the Company's historical credit losses, adjusted for the prospective factors specific to its debtors and to the business environment.

Starting with January 1, 2019, the Company shall adopt the new standard IFRS 16 „Leases“. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. In 2018, the Company performed an analysis of the impact resulted from the implementation of IFRS 16, but it had no significant impact on the financial statements as at December 31, 2018.

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2.36 Financial liabilities

Oltchim S.A. expects that the adoption of these standards and amendments to the existing standards will not have a significant impact on the Company's financial statements in the initial period of implementation. Hedge accounting for a portfolio of financial assets and liabilities whose principles have not adopted by the EU remains non-regulated. According to the Company's estimates, the use of hedge accounting for a portfolio of financial assets and liabilities under IAS 39: "Financial instruments: recognition and measurement" would not have a significant impact upon its financial statements, if applied on the balance sheet date.

3. ESTABLISHING THE LIQUIDATION VALUE

The Company's accounting policies impose the establishing of the liquidation value both for the financial and non-financial assets, but also for the liabilities, given that the next stage of the reorganization plan is bankruptcy. The liquidation value has been established according to the methods shown below. Additional information, where necessary, about the suppositions made to establish the liquidation values are presented in the notes specific to that asset or liability.

Stocks

The fair value of the purchased stocks is established based on the estimated selling price in the normal course of activity minus the costs estimated for finalisation, if needed, and a reasonable a reasonable range of the profit based on the expenses incurred by sale and finalisation.

4. REPORTING ON OPERATIONAL SEGMENTS

Presentation of the turnover on types of marketplaces:

	<u>%</u>	<u>Year completed on December 31st, 2018</u>	<u>%</u>	<u>Year completed on December 31st, 2017</u>
Internal market	24	275.403.584	22	214.741.315
Export	76	866.516.624	78	746.763.129
Total	100	1.141.920.208	100	961.504.444

Presentation of the turnover on types of products:

	<u>Year completed on December 31st, 2018</u>	<u>Year completed on December 31st, 2017</u>
Polyols-polyethers	601.845.489	585.954.738
Chlor-alkali	263.818.209	202.088.713
Oxo-alcohols	171.155.579	144.783.617
Goods (mainly resales of utilities)	88.368.772	21.043.509
Petrochemical Directorate Pitesti	-	166.911
Building materials	113.637	7.691
Miscellaneous	16.618.523	7.459.265
Total	1.141.920.208	961.504.444

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Presentation of the turnover on geographical segments:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Europe	980.571.254	825.484.765
Middle East (including Turkey)	130.549.202	104.547.640
Africa	19.117.267	8.849.642
Asia-Pacific	6.226.813	16.542.145
United States	5.455.672	6.080.252
Total	1.141.920.208	961.504.444

Presentation of the operational result on business segments:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Chemistry (polyols-polyethers, chlor-alkali)	91.419.206	74.267.682
Building materials	(4.584.849)	(8.573.128)
Oxo-alcohols	5.159.545	13.033.550
Petrochemical Directorate Pitesti	(11.688.448)	(13.572.925)
Others	(1.308.907)	(1.451.310)
Total operational result	78.996.546	63.703.868
Revenues / (Expenses) from the assets' reassessment and adjustments for depreciation	5.598.124	(4.783.577)
Revenues from investments	4.775.001	8.820.047
Net cost of financing	(172.590)	(175.323)
Profit before taxation	89.197.082	67.565.016

Presentation of the assets on business segments:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Chemistry (polyols-polyethers, chlor-alkali)	497.229.880	839.526.064
Building materials	-	13.025.073
Oxo-alcohols	-	6.730.139
Petrochemical Directorate Pitesti	205.455.196	205.684.539
Others	64.636	97.672
Total	702.749.712	1.065.063.487

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Presentation of debts on business segments:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Chemistry (polyols-polyethers, chlor-alkali)	905.169.282	1.331.203.284
Building materials	-	-
Oxo-alcohols	-	-
Petrochemical Directorate Pitesti	677.188	7.088.407
Others	44.551	54.533
Total	905.891.021	1.338.346.224

Presentation of depreciation on business segments:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Chemistry (polyols-polyethers, chlor-alkali)	82.265.399	87.760.643
Building materials	544.259	1.296.533
Oxo-alcohols	3.264.421	2.861.310
Petrochemical Directorate Pitesti	-	-
Others	263.642	258.306
Total	86.337.721	92.176.793

5. NET SALES

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Revenues from the sale of finished goods	1.026.368.361	922.994.876
Revenues from the sale of goods	88.368.772	21.045.430
Other revenues	27.183.075	17.464.138
Total	1.141.920.208	961.504.444

The Company adopted the new standard IFRS 15 on the date of entry into force by using the modified retrospective method. Following the analysis performed by the Company, no impact of IFRS 15 to require the restatement of retained earnings resulted, so that no effect from the restatement on retained earnings was recorded.

The Company analyzed the contracts concluded with its customers in order to determine all its performance obligations and no performance obligations to be distinctly recorded under IFRS 15, were identified.

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6. REVENUES FROM INVESTMENTS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Revenues from renting the property investments	4.775.002	8.820.047
Revenues from interests related to bank deposits	1.471.711	109.990
Total	6.246.713	8.930.037

7. OTHER PROFITS OR LOSSES

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Profit / (loss) from the sale/discard of assets	58.410.000	(2.550.669)
Revenues from penalties	8.738.689	31.865
Revenues from rents	1.165.904	1.436.715
Revenues from performance of services	1.095.237	731.275
Profit / (loss) from adjustments depreciation circulating assets	473.781	1.805.081
Profit / (loss) from differences of exchange rate	21.967	(389.885)
Profit / (loss) from adjustments depreciation financial assets	-	(134.515)
Profit / (loss) from discounts	(1.038.634)	(808.574)
Profit / (loss) from the provisions' variation	(21.415.147)	731.976
Other profits	256.075	37.112
Total	47.707.871	890.381

The profit from the sale of assets of 58.410.000 lei resulted from their higher sale price than their remaining value.

The loss from the change in provisions of 21.415.147 lei was determined by the provision made for the compensation payments to the employees to be dismissed in early 2019.

8. EXPENSES WITH RAW MATERIALS AND SUPPLIES, ENERGY AND WATER

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Consumed raw materials	471.387.684	430.006.583
Cost of sold goods	85.264.987	18.499.641
Expenses with energy and water	197.434.927	198.385.493
Expenses with supplies	27.954.934	22.610.853
Total	782.042.532	669.502.570

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9. EXPENSES / (REVENUES) WITH DEPRECIATION AND AMORTISATION OF ASSETS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Amortisation of fixed assets	86.033.352	91.870.379
Amortisation of non-tangible assets	304.369	306.414
(Profit) / Loss from adjustments for the assets' depreciation	<u>(47.086.431)</u>	<u>(41.103.396)</u>
Total	<u>39.251.290</u>	<u>51.073.397</u>

The (profit)/loss from fixed assets impairment represent the net movement from the moment the provision was recorded until the liquidation value of fixed assets as revalued as at December 31, 2018.

10. SALARY EXPENSES

The company does not have any contractual obligations for the retirement of the people with management positions and administrators of the Company, others than the ones stipulated in the Collective Labour Contract. On December 31st, 2018 there were not any insurances of professional malpractice for the Company's management.

During 2018 there have not been granted down payments to the people with management positions or the administrators of the Company, except the travel expenses. The salary fund for the Company's management is as follows:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Management's salaries	6.172.574	1.759.599

Total expenses with the personnel's salaries are presented below:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Gross salaries and allowances	101.344.724	83.320.168
Expenses with social insurances employer	7.350.638	24.302.495
Food stamps	<u>5.784.525</u>	<u>6.274.350</u>
Total	<u>114.479.887</u>	<u>113.897.013</u>

Regarding the personnel of the company Oltchim SA, approximately 70% have been taken over on December 8th, 2018 by Chimcomplex SA, the buyer of the Company's operational assets, a number of 436 employees shall be dismissed by receiving compensatory payments, and approximately 130 employees shall keep carrying out their full time activity in Oltchim SA.

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11. NET COST OF FINANCING

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Expenses with bank interests	-	-
Bank commissions and assimilated costs	172.590	175.323
Net cost of financing	172.590	175.323

12. OTHER EXPENSES

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Expenses / (Revenues) from the reassessment of the tangible assets	4.112.596	12.465.053
Expenses / (Revenues) from the reassessment of the non-tangible assets	4.979	1.723
Other expenses regarding the services performed by third parties	54.883.406	17.272.060
Formation of the environment fund for closing waste warehouses	23.568.956	-
Expenses regarding the transport and logistics	16.607.476	17.414.928
Penalties ABA Olt - exceeding concentrations pollutants from used waters	15.778.503	13.425.696
Expenses with repairs	15.785.405	9.815.628
Expenses with taxes and duties	5.928.075	5.187.397
Expenses from claims	4.138.776	198.406
Expenses regarding the fines and the penalties	1.463.330	2.866.026
Expenses regarding the rents	1.007.421	214.200
Expenses regarding the insurances	727.801	476.387
Hospitality expenses	215.256	428.158
Travel expenses	203.649	163.122
Expenses with post and telecommunications	178.271	189.065
Other expenses	3.199.734	2.334.276
Total	147.803.634	82.452.125

According to the approved Reorganisation Plan, the assets sale has generated sale-related costs, this is why the expenses with third party services have increased in 2018. The most significant increase as compared with the previous year is due to UNPIR tax and to the fees of the judicial administrators related to the contracts concluded with Chimcomplex Borzesti and with Dynamic Selling Group for the sale of the asset bundles.

According to the asset sale contract concluded with Chimcomplex, within 5 days from the date the price was collected, Chimcomplex transferred the amount of 23,568,956 lei for the works for the closure of the hazardous and non-hazardous waste landfill sites.

The increase in the repair costs during 2018 as compared with 2017 was determined by the annual general revision performed in 2018 that was more complex than the one performed in the previous year.

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13. CORPORATE TAX

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Expense with current corporate tax	60.730.410	19.782.111
Expense with the deferred corporate tax	-	-
Total	60.730.410	19.782.111

According to the Fiscal Code, the corporate tax is established by applying the quota of 16% to the taxable profit. The taxable profit is calculated as a difference between the revenues made of any source and the expenses made for the purpose of performing revenues in a fiscal year, of which the non-taxable revenues shall be deducted and to which it adds the non-deductible expenses.

For the corporate tax related to the fiscal year 2018, the company benefits of the 5% discount, according to the provisions of the article 23 of the Government Decree no.23/2017 regarding the split payment of the VAT.

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Gross result(1)	89.197.082	67.565.016
Gross result related to other activities not submitted to the corporate tax (2)	(408.538)	(402.116)
Gross result before taxation (1-2)	89.605.621	67.967.131
Expense with the corporate tax calculated at 16%	14.336.899	10.874.741
Effect of amounts such as revenues	40.537.425	656.382
Effect of amounts such as expenses	-	(59.486)
Effect of non-taxable revenues	(19.777.773)	(24.951.310)
Effect of non-deductible expenses	28.830.196	33.487.376
Effect of the deferred tax	-	-
Effect of the fiscal loss from the previous years	-	-
Deductions related to the sponsorships	-	-
Total	63.926.748	20.007.703
5% discount according to the Government Ordinance no.23/2017	(3.196.337)	(225.591)
Total corporate tax to be paid	60.730.410	19.782.111

The increase in the corporate tax in 2018 was due to the sale transaction with Chimcomplex Borzesti on December 7, 2018 and to the tax treatment of the revaluation reserves related to the sold fixed assets.

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14. TAX SPECIFIC TO SOME ACTIVITIES

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Expense with the tax specific to some activities	50.715	50.715
Total	50.715	50.715

By derogation from the provisions of the Fiscal Code regarding the corporate tax, based on the Law no.170/2016 regarding the tax specific to some activities, it has been calculated annual specific tax for 2018, because the Company carries out secondary activity at the subunit Cafeteria according to the CAEN code 5621 "Food activities (catering) for events". The specific tax is calculated depending on certain variables, such as the title of the locality where the unit is located, its surface or the seasonal.

15. PROFIT / (LOSS) PER SHARE

The profit/(loss) per share is established by the division of the net revenue attributable to the ordinary shareholders at the weighted average number of issued ordinary shares. There are no potential diluted shares on December 31st, 2018.

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Net Profit / (Loss)	28.415.957	47.732.190
Average number of shares	343.211.383	343.211.383
Profit / (Loss) per share, (LEI per share)	0,0828	0,1391

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16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE

GROSS VALUES	Lands and constructions	Technical installations and machines	Other installations, equipment and furniture	Tangible assets in progress of execution	Total
Balance on January 1st, 2017	400.832.117	528.837.211	2.871.678	83.044.764	1.015.585.771
Increases/Decreases	11.203.644	66.882.556	319.784	11.049.808	89.455.792
- of which: Reassessment increases	10.665.802	47.265.377	267.593	-	58.198.772
Outputs	(35.731.277)	(85.249.876)	(493.119)	(20.249.417)	(141.723.689)
- of which: reassessment diminutions	(16.098.710)	(8.879.991)	(90.768)	(42.205)	(25.111.674)
Adjustment provision environment obligations	-	-	-	(10.593.971)	(10.593.971)
Transfers to/from other positions (provision environment obligations)	-	15.398.976	-	(15.398.976)	-
Down payments	-	521.020	-	-	521.020
Balance on December 31st, 2017	376.304.484	526.389.887	2.698.343	47.852.208	953.244.923
Balance on January 1st, 2018	376.304.484	526.389.887	2.698.343	47.852.208	953.244.923
Increases/Decreases	6.659.930	8.437.154	18.840	18.173.351	33.289.275
- of which: transfers from other positions (commissioning)	2.836.524	6.938.255	15.669	-	9.790.448
- of which: Reassessment increases	3.818.406	1.498.899	3.171	492.903	5.813.379
outputs	(203.581.297)	(384.859.995)	(2.512.298)	(52.514.504)	(643.468.094)
- of which: asset sale	(201.269.524)	(353.450.122)	(2.497.512)	(42.512.229)	(599.729.387)
- of which: transfers to other positions (commissioning)	-	-	-	(9.790.448)	(9.790.448)
- of which: reassessment diminutions	(1.494.648)	(6.454.822)	(3.310)	(211.827)	(8.164.607)
Transfers to/from other positions (provision environment obligations)	15.398.976	(15.398.976)	-	-	-
Cancellation of provision environment obligations	(15.398.976)	-	-	-	(15.398.976)
Down payments	-	(1.553.617)	-	-	(1.553.617)
SUBTOTAL	179.378.117	133.014.453	204.885	13.511.055	326.108.511
Transfers to assets held for sale	(179.378.117)	(133.014.453)	(204.885)	(13.511.055)	(326.108.511)
Balance on December 31st, 2018	-	-	-	-	-

The disposal of fixed assets is mainly determined by the asset sales to Chimcomplex and to Dynamic Selling. The cancellation of the provision for environmental liabilities is determined by the commitment to close the waste landfills taken over by Chimcomplex when buying the assets.

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DEPRECIATION AND THE LOSS OF VALUE	Lands and constructions	Technical installations and machines	Other installations, equipment and furniture	Tangible assets in progress of execution	Total
Balance on January 1st, 2017	32.386.963	67.224.288	54.113	43.685.404	143.350.769
Depreciation in 2017	15.034.567	76.314.841	402.351	-	91.751.759
Cancellation of the accumulated depreciation	(15.010.328)	(76.312.255)	(402.351)	-	(91.724.934)
Accumulated depreciation of outputs	(24.239)	(2.586)	-	-	(26.825)
Losses / (Reversals) from the value reduction	(4.035.497)	(9.204.337)	(41.514)	(27.722.153)	(41.003.500)
Balance on December 31st, 2017	28.351.466	58.019.951	12.599	15.963.251	102.347.269
Balance on January 1st, 2018	28.351.466	58.019.951	12.599	15.963.251	102.347.269
Depreciation in 2018	13.987.371	71.618.218	399.204	-	86.004.793
Cancellation of the accumulated depreciation	(817.125)	(24.955.051)	(11.476)	-	(25.783.652)
Accumulated depreciation of the outputs	(13.170.246)	(46.663.167)	(387.728)	-	(60.221.141)
Losses / (Reversals) from the value reduction	(14.806.927)	(29.641.279)	(5.456)	(2.631.334)	(47.084.995)
SUBTOTAL	13.544.540	28.378.672	7.143	13.331.917	55.262.274
Transfer to assets held for sale	(13.544.540)	(28.378.672)	(7.143)	(13.331.917)	(55.262.274)
Balance on December 31st, 2018	-	-	-	-	-
NET VALUES					
January 1st, 2017	368.445.153	461.612.924	2.817.565	39.359.360	872.235.002
December 31st, 2017	347.953.018	468.369.937	2.685.744	31.888.956	850.897.654
January 1st, 2018	347.953.018	468.369.937	2.685.744	31.888.956	850.897.654
December 31st, 2018	-	-	-	-	-
Assets held for sale	165.833.577	104.635.782	197.742	179.138	270.846.238

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The tangible assets are presented in the situation of the financial position at cost or reassessed value, except the depreciations and the adjustments for depreciation or losses of value in compliance with IAS 16 „Tangible assets” and IAS 36 „Assets' depreciation”.

Reassessment

As of the transition to IFRS (January 1st, 2011), the Company chose to present the tangible assets at the value established further to the reassessment on December 31st, 2010, as supposed cost. Further to the transition to the IFRS, the Company chose to present the tangible assets at reassessed values. Any increase resulted from the reassessment of the tangible assets is registered directly in the credit of own funds' accounts, in the reserve from reassessment, if there was no previous decrease recognized as an expense related to that asset, in which case the increase is recognized as revenue which could compensate the expense previously recognized at that asset. A decrease of the net accounting value resulted from reassessment is treated as an expense in so far as in the reserve from reassessment no amount related to that asset is registered. The depreciation related to the reassessed tangible assets is registered in the profit and loss account. At the discard or further disposal of a reassessed asset, the attributable excess from reassessment included in the reserve from reassessment is transferred directly into the reported result representing the excess achieved from reassessment reserves. The transfer of the reserve from reassessment is not possible unless in case of derecognition of the asset.

When an element of tangible assets is reassessed, any accumulated depreciation at the reassessment date is eliminated from the gross accounting value of the asset and the net amount is retreated at the reassessed value of the asset. On December 31st, 2018, the value of the cancelled accumulated depreciation was 25.783.652 lei.

In 2018, the Company decided to reevaluate the tangible fixed assets remained after the asset sale to Chimcomplex Borzesti, this revaluation being performed by an independent appraiser, respectively the company Romcontrol SA - authorized by ANEVAR. In the financial statements as at December 31, 2018, the assets are presented at their liquidation value on the premise that the assets shall be subject to the block sale on packages of assets and on the functionality premise. The liquidation values of the assets and liabilities recorded as at December 31, 2018 may vary significantly from the values that can be realised in the bankruptcy stage.

Used methods of assessment

The estimation of the tangible assets' market value has been made by applying the standard assessment methods, namely:

- ✓ *Method of market approach.* The estimation of the market value through the comparison method is based on the fact that the participants on the market recognize a direct relation between the value of the asset to be assessed and the values of other similar and competitive assets recently transacted or tendered.
- ✓ *Method of cost approach.* The cost approach estimates the value by establishing the actual replacement cost of the asset, of which are deducted the depreciation elements which lead to the loss of value of the asset further to the physical, functional or external depreciation.
- ✓ *Method of market comparisons.* Is based on the substitution principle, which states that a careful buyer shall not pay for an asset a bigger price than of another similar or equivalent asset in the same conditions. By this method, the value of the assessed assets is established based on the obtained prices of similar assets, in effective transactions that took place in a reasonable time frame or based on some recent transaction or active offers at the assessment date.
- ✓ *Method of the net replacement cost/net reconstruction cost.* The net replacement cost is “the current cost necessary for the replacement of an asset with the equivalent modern asset from which there will be deducted the physical depreciation and all relevant forms of depreciation and optimisation. The net reconstruction cost is the cost estimated to build, at the current prices from the assessment date, an identical replica of the assessed asset, using the same materials and techniques, the same standards and norms of execution and encompassing all functional deficiencies from oversizing etc. of the asset subject, of which there will be deducted the physical depreciation and all relevant forms of depreciation and optimisation.

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- ✓ *Liquidation method.* The liquidation valuation method is used when a company ceases its operations or will be restructured. The liquidation values are calculated based on an orderly or forced liquidation presumption. A normal liquidation presumption assumes that a company can afford to sell its assets to the highest bidder and that the seller may take a reasonable time to sell each asset through selling chains that attract the highest price available. A forced liquidation presumption assumes that a company has to sell all of its assets in a very short time to one or several buyers. In general, in this context, the buyer of the assets is a dealer specialised in this type of liquidation. For obvious reasons, a forced liquidation value will always be lower than the orderly liquidation value.

Further to the reassessment of the fixed assets, there have resulted:

- Increases of values at fixed assets in amount of 4.776.742 lei, of which 4.775.008 lei registered in the reassessment reserve, the rest of 1.734 lei being registered in the revenues account.
- Diminutions of values in amount of 7.737.904 lei, of which 3.775.512 lei have diminished the reassessment reserve, the rest of 3.962.392 lei being registered in the expense account.

At investments in progress there have registered:

- Increases of values in amount of 492.903 lei, the full amount being registered in the reassessment reserve.
- Diminutions of value in amount of 211.827 lei, of which 4.177 lei have been registered in the reassessment reserve, the rest of 207.650 lei being registered in the revenues account.

At lands there have been registered:

- Increases of values in amount of 543.735 lei, of which 469.887 lei have been registered in the reassessment reserve, the rest of 73.848 lei being registered in the revenues account.
- Diminutions of values in amount of 214.875 lei, of which 196.740 lei have diminished the reassessment reserve, the rest of 18.135 lei being registered in the expense account.

The account of reserves from reassessment (1052) related to the tangible assets are presented as follows:

- balance before reassessment 2018	68.337.338 lei
- increases from reassessment	5.737.798 lei
- diminutions from reassessment	(3.976.429) lei
- balance at the end of the year	70.098.707 lei

On 12/31/2018, the Company owns tangible assets in gross amount of 326.108.511 lei, respectively in net amount of 270.846.238 lei, with a decrease in net amount of 580.051.416 lei compared to 12/31/2017.

In 2018 there have been put into service tangible assets in amount of 9.790.448 lei.

The entries into service in 2018 consisted of the following:

- Modernisation of the walkway	2.836.524 lei
- Increase of capacity hydrogenation Oxo	1.553.617 lei
- Purchases of independent equipment	4.640.558 lei
- Other entries into service	759.749 lei

Depreciations

In 2018 the Company registered on depreciation costs at tangible assets in amount of 86.004.793 lei.

At the non-functional assets, due to lack of raw materials for restart (Petrochemical Directorate Bradu, PVC II, Phthalic Anhydride) it has been formed a provision between the fair value and the liquidation value according to the reassessment report issued by the independent assessor.

As at December 31, 2018 the Company reclassified the fixed assets remained following the sales to Chimcomplex Borzesti and to Dynamic Selling Group to the category *Assets held to sale*, considering that they will no longer be used in production.

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The investments in progress in 2018 were in amount of 17.680.448 lei, on the main investments objective the situation was as follows:

- Rehabilitation electrolyzers at the membrane electrolysis installation	4.590.565 lei
- Procurement of independent fixed assets	4.640.558 lei
- Modernisation of walkway	2.794.711 lei
- Increase of capacity hydrogenation Oxo	1.553.617 lei
- Increase of capacity propenoxide installation	1.316.739 lei
- Other investment objectives	2.784.258 lei

16. B) REAL ESTATE INVESTMENTS

GROSS VALUES	Real estate investments	Total
Balance on January 1st, 2018	3.584.504	3.584.504
Increases/Decreases	-	-
- of which: reassessment increases	-	-
Outputs	(3.584.504)	(3.584.504)
- of which: reassessment diminutions	-	-
Balance on December 31st, 2018	-	-
	Real estate investments	Real estate investments
DEPRECIATION AND LOSS OF VALUE		
Balance on January 1st, 2018	-	-
Depreciation in 2018	28.559	28.559
Cancellation of the cumulative depreciation	-	-
Cumulative depreciation of outputs	(28.559)	(28.559)
Losses / (Reversals) from the value reduction	-	-
Balance on December 31st, 2018	-	-
	Real estate investments	Total
NET VALUES		
January 1st, 2018	3.584.504	3.584.504
December 31st, 2018	-	-
Description	December 31st, 2018	December 31st, 2018
Total value real estate investments	-	3.584.504
Depreciation and loss of value of real estate investments	-	-
Net accounting value	-	3.584.504
Revenues from real estate investments	4.775.002	8.820.047

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17. NON-TANGIBLE ASSETS AND ASSETS HELD FOR SALE

	Development expenditure	Patents and licences	Other assets	Total
GROSS VALUES				
Balance on January 1st, 2017	7.827	1.548.219	18.520	1.574.566
Increases	517	67.913	3.628	72.058
- of which: reassessment increases	517	48.273	351	49.141
Reductions	(2.609)	(309.051)	(1.623)	(313.283)
- of which: reassessment diminutions	-	(4.822)	-	(4.822)
Balance on Dec 31st, 2017	5.735	1.307.080	20.525	1.333.340
Balance on January 1st, 2018	5.735	1.307.080	20.525	1.333.340
Increases	-	5.290	-	5.290
- of which: reassessment increases	-	-	-	-
Reductions	(5.735)	(1.307.130)	(20.525)	(1.333.390)
- of which: reassessment diminutions	(3.088)	(192.026)	(17.998)	(213.112)
Transfer to assets held for sale	-	(5.240)	-	(5.240)
Balance on Dec 31st, 2018	-	-	-	-
DEPRECIATION AND LOSS OF VALUE				
Balance on January 1st, 2017	-	102.538	-	102.538
Depreciation in 2017	2.609	302.182	1.623	306.414
Cancellation of the accumulated depreciation	(2.609)	(301.498)	(1.623)	(305.730)
Accumulated depreciation of outputs	-	(684)	-	(684)
Losses / (Reversals) from reduction of value	-	(97.985)	-	(97.985)
Balance on Dec 31st, 2017	-	4.552	-	4.552
Balance on January 1st, 2018	-	4.552	-	4.552
Depreciation in 2018	2.647	299.194	2.527	304.369
Cancellation of the accumulated depreciation	(2.647)	(16.857)	(2.527)	(22.031)
Accumulated depreciation of outputs	-	(282.337)	-	(282.338)
Losses / (Reversals) from reduction of value	-	(1.436)	-	(1.436)
Transfer to assets held for sale	-	(3.117)	-	(3.117)
Balance on Dec 31st, 2018	-	-	-	-
NET VALUES				
January 1st, 2017	7.827	1.445.682	18.520	1.472.029
December 31st, 2017	5.735	1.302.528	20.525	1.328.788
January 1st, 2018	5.735	1.302.528	20.525	1.328.788
December 31st, 2018	-	-	-	-
Assets held for sale	-	2.123	-	2.123

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On December 31st, 2018 it has been performed the reassessment of the non-tangible assets, thus resulting the following aspects:

- At development expenditures it has resulted a reduction of value in amount of 3.088 lei, of which 517 lei have been registered in the reassessment reserve, the rest of 2.571 lei being registered in the expense account.
- At patents and licenses there have been registered reductions of value in amount of 192.026 lei, of which 191.832 lei have been registered in the reassessment reserve, the rest of 194 lei being registered in the expense account.
- At other non-tangible assets there have resulted reductions of value in amount of 17.998 lei, of which 15.784 lei have been registered in the reassessment reserve, the rest of 2.214 lei being registered in the expense account.

The account of reserve from reassessment (1051) related to the non-tangible assets is presented as follows:

- balance before reassessment 2018	272.659 lei
- increases from reassessment	- lei
- reductions from reassessment	(208.133) lei
- balance at the end of the year	64.526 lei

18. FINANCIAL ASSETS

The financial assets include the shares owned by the Company in other trading companies or other entities:

- investments in affiliated entities (>50% of the share capital), respectively investments in associated entities (<50% of the share capital) in net amount of 19.904 lei;
- investments in Association Valcea Dual Learning for supporting the vocational education, in net amount of 24.000 lei.

The shares owned by the Company in other trading companies on 12/31/2018 are presented as follows:

Explanations	Value of share capital	Percentage owned by Oltchim in share capital	Value gross share on 12/31/2018	Adjustments for loss of value	Value net share on 12/31/2018
TOTAL, of which:	-	-	154.419	134.515	19.904
- Participation at the share capital of SISTEMPLAST	2.347.805	94,40%	19.904	-	19.904
- Participation at the share capital of OLTQUINO	2.034.860	46,64%	-	-	-
- Participation at the share capital of EURO URETHANE	5.610.986	41,28%	26.012	26.012	-
- Participation at the share capital of PROTECTCHIM	300.000	30%	108.503	108.503	-

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19. STOCKS

In the Situation of financial Position on December 31st, 2018, the stocks are presented at the feasible net value, by diminution with adjustments for depreciation, thus obtaining the following values:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Finished products	11.090.603	32.617.695
Raw materials	693.135	21.132.862
Materials	5.829.451	8.074.080
Packaging	95.146	1.251.753
Production in progress	-	522.010
Semi-manufactured articles	147.229	4.548.019
Goods	994.241	65.695
Inventory objects	41.397	242.916
Paid down payments for stocks purchases	3.317.344	4.453.686
Total	22.208.546	72.908.718

The adjustments for depreciation registered on each category of stocks are as follows:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Adjustments for the depreciation of finished goods	35.238	35.949
Adjustments for the depreciation of raw materials	4.435.111	3.532.194
Adjustments for the depreciation of materials	46.029.117	42.657.289
Adjustments for the depreciation of semi-manufactured articles	1.325.063	2.794.144
Adjustments for the depreciation of packagings	856.315	51.948
Adjustments for the depreciation of inventory objects	428.049	320.478
Total	53.108.893	49.392.002

The movements in the adjustments for depreciation registered for stocks are presented below:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Initial balance	49.392.002	50.923.575
Adjustments registered during the year	5.837.084	10.689
Restart of adjustments on income	(2.120.193)	(1.542.263)
Final balance	53.108.893	49.392.002

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20. COMMERCIAL CLAIMS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Internal clients	61.807.310	65.081.942
External clients	44.523.744	53.842.157
Adjustments regarding the depreciation of the internal clients' claims	(30.112.961)	(33.586.714)
Adjustments regarding the depreciation of the external clients' claims	(25.128.120)	(25.939.632)
Total	51.089.973	59.397.753

Adjustments regarding the depreciation of the clients' claims are presented as follows:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Initial balance	59.526.346	59.799.852
Adjustments entered during the year	3.246.295	1.199.144
Restarts of adjustments on income	(7.531.560)	(1.472.650)
Final balance	55.241.081	59.526.346

For the internal clients the average term for collecting the claims was 42 days in 2018 (45 days in 2017).
For the external clients the average term for collecting the claims was 10 days in 2018 (11 days in 2017).

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Clients in balance on term	51.084.317	59.196.390
Outstanding clients in balance	5.656	201.363
Total	51.089.973	59.397.753

The seniority days of the outstanding clients in balance is presented below:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
<30 days	5.586	198.134
30 – 60 days	70	3.229
60 – 90 days	-	-
90 – 120 days	-	-
120 – 180 days	-	-
Total	5.656	201.363

The Company has adopted the new standard IFRS 9 on the date of entry into force by using the modified retrospective method. Following the analysis performed by the Company, no impact from IFRS 9 to require the restatement of retained earnings resulted, so no effect from restatement was recorded in retained earnings.

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21. TAX TO BE COLLECTED

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
VAT to be collected		5.852.554
Non-chargeable VAT	13.673.787	1.011.574
Other duties and taxes to be collected	917.568	-
Total	14.591.355	6.864.128

As a consequence to the fact that the Company registers significant sales to member countries of the European Union, as well as outside EU, the Company registers VAT to be collected since most of purchases are performed by the Company on domestic market and are bearers of deductible VAT. The VAT to be collected is compensated with the Company's debts against the State budget.

VAT to be collected registered by the Company in 2018 was in amount of 60.849.435 lei.

22. OTHER ASSETS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Accrued expenses	9.485	148.469
Down payments paid for services performance	7.381.977	10.325.173
Other claims	476.375	128.287
Adjustments for other claims' depreciation	(76.537)	
Total	7.791.300	10.601.929

23. CASH AND CASH EQUIVALENT

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Bank accounts in local currency	306.122.431	51.780.430
Bank accounts in foreign currency	29.646.805	7.427.224
Deposits (material guarantees storekeepers)	262.760	219.008
Cash register in cash	144.128	31.027
Cash equivalents	149	2.420
Total	336.176.273	59.460.109

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24. CAPITAL, RESERVES AND REPORTED RESULT

Share capital

The share capital includes:

	Number of shares	Share capital
Statutory share capital	343.211.383	34.321.138
Adjustments for inflation until December 31st, 2003		983.978.671
On December 31st, 2018 – adjusted		1.018.299.809

The share capital on December 31st, 2018 represents the Government's contribution in the form of net assets at the Company's formation on August 1st, 1990, the share capital of four units taken over on August 1st, 1996, the value of the lands transferred by the Government to the Company in 1998, 1999 and 2000 and 2 increases of share capital representing nature intake (land) of the State through AAAS (respectively the Ministry of Economy) and shareholders' intakes in cash.

The evolution of the share capital from setting-up until December 31st, 2018:

Value of share capital	Date	Modality of increasing
309.275	1990	Setting-up according to the Government Decree 1213/1990
196.574	1991	Increase according to the Government Decree 945/1990
3.757.192	1992	Increase according to the Government Decree 26/1992
19.695.009	1994	Increase according to the Government Decree 500/1994
(1.919.437)	1995	Correction reassessment Governemnt Decree 500/1994
4.093.037	1995	Merge with the subunits
499.455	1996	Title of property for land
79.265	1997	Increase of capital Avicola Babeni previously diminished erroneously
4.671.038	1997	Title of property for land
768.228	1998	Subunits' land assessment
21.148	1998	Lands' assessment of the reception base
38.324	1999	Title of property for land
149.756	2000	Title of property for land
322.336.736	2003	Increase of capital further to the conversion in shares of the claims owned by AAAS at Oltchim SA
(322.336.736)	2007	Diminution of capital further to the court order no.372/04/20/2007 and the Decision 863/09/14/2007 of the Court of Appeals Pitesti
1.943.522	2009	Increase of the share capital representing nature intake (land) of AAAS and shareholders' intakes in cash
18.752	2011	Increase of the share capital representing nature intake (land) of the Ministry of Economy and shareholders' intakes in cash
34.321.138		

The Company is listed at the Stock Exchange Bucharest.

All shares are ordinary shares, subscribed and fully paid. All shares give the right to an equal vote and the nominal value is 0,10 LEI per share.

In 2018 there have not been changes of the share capital or significant changes regarding its structure.

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Reserves	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Legal reserves	6.842.711	6.842.711
Other reserves	7.990.245	7.990.245
Reserves from reassessment	70.163.233	321.968.904
Total	84.996.189	336.801.860
	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Reported result		
Balance at the beginning of the year	(1.628.384.407)	(1.786.500.248)
Net profit / (Loss)	28.415.957	47.732.190
Reported result representing excess made from reassessment reserves year 2013	-	95.094.885
Reassessment reserves related to the fixed assets removed from the Company's records (sold or discarded)	253.358.908	4.988.218
Adjustments regarding the provisions for the employees' benefits	-	441.565
Deferred tax	40.288.908	9.236.230
Other elements of the result	(116.673)	622.754
Balance at the end of the year	(1.306.437.307)	(1.628.384.406)

The revaluation reserves related to the written-off fixed assets (sold or scrapped) related to year 2017 were shown in the previous year under the position Other elements of the result.

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25. LOANS

On the confirmation date of the Reorganisation Plan by the Bankruptcy Judge (April 2015), the loan contracts are considered terminated.

The amounts registered in the accounts are those comprised in the scheme of payments within the Reorganisation Plan, thus:

Bank	Foreign currency	Credit's value	Balance of foreign currency	Exchange rate on the date of entering the insolvency proceedings	Balance lei	Transfer to other revenues from service in 2015, According to the scheme of payments	Distributions December 2018 amounts cashed from the sales of assets	Balance on 12/31/2018
Long term bank credits								
BCR (Erste)	euro	73.095.000	78.735.560	4,3853	345.279.435	162.365.289	98.578.292	84.335.854
Banca Transilvania	euro	8.500.000	2.368.853	4,3853	159.957.116	32.223.538	76.329.712	51.403.866
	dolar	12.250.000	12.250.000	3,2668				
Bancpost	lei	100.000.000	100.000.000	-	2.494.327	502.485	1.991.842	0
	euro	2.500.000	568.793	4,3853				
CEC Bank	euro	5.000.000	5.000.000	4,3853	56.321.014	11.345.930	29.908.957	15.066.126
	lei	2.260.000	2.260.000	-				
	lei	34.789.650	32.134.514	-				
			1.866.269	-	1.866.269	-		1.866.269
Garantibank	euro	700.000	315.298	4,3853	1.382.676	278.542	1.104.134	0
ING Bank	lei	13.395.000	13.614.731	-	13.614.731	13.468.471		146.260
Unicredit	euro	3.900.000	3.898.390	4,3853	17.095.609	3.443.929	4.792.806	8.858.874
Rabobank	euro	10.251.077	668.292	4,3828	2.928.989	2.928.989	-	-
Total long term bank credits					600.940.166	226.557.174	212.705.743	161.677.249
Other loans and assimilated debts								
AAAS	lei				1.201.301.222	959.994.491	67.483.981	173.822.750
TOTAL					1.802.241.388	1.186.551.664	280.189.724	335.499.999

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26. REVENUES IN ADVANCE

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
On January 1st, 2018	3.436.675	4.269.701
Registrations during the year	-	-
Restart on the profit and loss accounts	(3.436.675)	(833.027)
On December 31st, 2018	-	3.436.675

The revenues registered in 2018 represent the quota of the grants received in the previous years, the most significant being the one in 2007 when there were received 8.908.844 lei from the Administration of the Environmental Fund for the installation „Waste incineration“. The Company registers this grant at revenues over the course of 10 years, to be reported at the period of time related to the depreciation of the purchased fixed assets, and in 2018, further to the sale of assets, the entire value related to the future years has been registered on revenues.

27. DEBTS REGARDING THE DEFERRED TAX

The deferred tax is recognised based on the temporary differences between the accounting value of the assets and debts in the financial situations and the corresponding tax base used at the calculation of the taxable profit. In compliance with the present fiscal provisions, the reassessment reserves existing in balance on December 31st, 2018 are taxed in the same time with the deduction of the fiscal depreciation and respectively at the inventory outflow of the reassessed assets.

On December 31st, 2018 the Company registers a debt of deferred tax in amount 11.226.117 lei.

Deferred tax on December 31st, 2017	51.515.025
Reduction of the deferred tax - 2018	(40.288.908)
Total deferred tax on December 31st, 2018	11.226.117

28. PROVISIONS AND OTHER LONG TERM DEBTS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Provisions for compensatory payments	28.809.479	-
Provisions for the benefits granted to the employees	1.222.942	8.326.277
Provisions for environment obligations	-	15.398.976
Provisions for leaves not taken	559.300	817.021
Provisions insurance commercial credits	-	33.276
Salary rights accumulated previously to the entrance in insolvency	-	4.825.025
Other debts accumulated previously to the entrance in insolvency	11.612.182	16.491.422
Total	42.203.903	45.891.997

The provisions for compensatory payments were calculated according to the provisions of the Company's Collective Labour Contract and include all related taxes.

The cancellation of the provision for environmental liabilities was determined by the commitment to close the waste landfills taken over by Chimcomplex when buying the assets.

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According to the Collective Labour Contract, the Company grants the employees who retire for old age pension or retirement on request an indemnity equivalent to three basic salaries to which it adds the seniority pay had at the retirement date.

On December 31st, 2018 the Company registered a provision for the benefits granted to the employees according to the Actuarial Report drawn up by an external actuary expert, in compliance with the provisions of IAS 19.

The costs regarding the offered benefits are categorised as follows:

- cost of service (including the cost of past service and current service);
- cost of interest;
- actuarial profits and losses.

The changes in the net debts regarding the benefit established in the financial year completed on December 31st, 2018 are presented in the table below:

	<u>Expense included in the profit and loss account</u>			<u>Actuarial (Profits) / losses included in other elements of the global result</u>		<u>December 31st, 2018</u>
	<u>January 1st, 2018</u>	<u>Cost of service</u>	<u>Cost of interest</u>	<u>Payments from provisions</u>	<u>Actuarial changes</u>	
Net debt regarding the established benefit	8.326.277	608.400	394.295	(1.264.200)	(6.841.830)	1.222.942

29. COMMERCIAL DEBTS

	<u>Year completed on December 31st, 2018</u>	<u>Year completed on December 31st, 2017</u>
Commercial debts registered in the table of liabilities	266.023.909	367.097.853
Commercial debts registered after entering insolvency	51.774.548	108.683.795
Estimates regarding the invoices to be received	7.671.855	8.853.131
Down payments received after entering insolvency	4.811.012	4.840.941
Total	330.281.324	489.475.720

The decrease in trade debts recorded in the table of liabilities in 2018 was due to the payments made to creditors from the amounts resulted from the assets sale.

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30. DEBTS REGARDING TAXES AND DUTIES

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Debts to the State and local budget registered at the bankruptcy mass	7.353.151	9.042.102
VAT to be paid	84.089.821	-
Corporate tax caused by the sale of assets	39.862.058	23.704.828
Social contributions	10.132.966	33.159.432
Income tax	1.218.443	2.174.152
Other fiscal debts	1.505.548	16.518.807
Total	144.161.987	84.599.321

VAT payable at the end of year 2018 was determined by the assets sale. The amount was fully paid in January 2019.

Oltchim SA pays the taxes and the duties related to the salaries by clearing with negative VAT (VAT to be collected registered by the Company on 12/31/2018: 13.673.787 lei).

31. OTHER DEBTS

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Debts regarding the salaries	1.475.767	3.430.839
Net compensatory salaries related to the dismissed personnel	-	3.717.452
Interests to be paid	23.101.916	23.087.269
Other creditors	17.940.008	17.502.203
Total	42.517.691	47.737.763

On December 31st, 2018 Oltchim registers total debts in amount of 906 million lei, of which:

- 619 million lei debts registered in compliance with the Reorganisation Plan;
- 172 million lei net debts accumulated after the entrance into insolvency, of which 27 million lei with exceeded maturity originating from the first period of the insolvency period;
- 47 million lei mutual debts and claims and debts to the state budget which shall be cleared with VAT to be collected;
- 68 million lei other debts, mainly provision related to the compensatory payments for personnel dismissal and deferred corporate tax, this debt not being chargeable.

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32. TRANSACTIONS WITH AFFILIATED PARTIES

The type of transactions with affiliated parties is detailed below. The Company participated at the transactions with the affiliated parties during normal activity under conditions of normal contractual terms.

(i) Transactions with affiliated parties

Sales	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Sistemplast SA	35.074	41.594
Oltquino SA	-	103
Protectchim SRL	-	62.078
EuroUrethane SRL	212	9.297
Total	35.286	113.071

Purchases of goods and services	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Sistemplast SA	11.557.753	7.900.058
Oltquino SA	-	-
Protectchim SRL	-	-
EuroUrethane SRL	-	-
Total	11.557.753	7.900.058

(ii) Balances with affiliated parties

Clients' claims	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Sistemplast SA	1.114	5.882
Oltquino SA	-	-
Protectchim SRL	259.277	259.277
EuroUrethane SRL	11	76
Total	260.402	265.235

Suppliers and other debts	Year concluded on December 31st, 2018	Year concluded on December 31st, 2017
Sistemplast SA	3.484	266.990
Oltquino SA	-	-
Protectchim SRL	-	-
EuroUrethane SRL	-	-
Total	3.484	266.990

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33. NON-MONETARY SIGNIFICANT TRANSACTIONS

A part of the current claims and debts have been settled through non-monetary transactions, respectively by clearing the claims' balances with the debts' balances. These non-monetary transactions have been excluded from the situation of treasury flows.

34. COMMITMENTS AND CONTINGENCIES

(i) Contingencies

As of the financial situations, the Company, through its own Legal Office, has in progress files which have as object the act in court of the internal defaulted clients, thus:

- files opened before the company's entrance into insolvency for deliveries of products, for non-observing the contractual terms, in amount of:
 - a) 22.656.118 lei representing equivalent value of delivered and not paid products
 - b) 7.528.924 lei penalties for late payment
- files opened in insolvency, mostly for deliveries before the entrance into insolvency, in amount of:
 - a) 6.798.947 lei representing equivalent value of delivered and not paid products
 - b) 66.963 lei penalties for late payment.

Also, from the litigations with the external clients before the company's entrance into insolvency, it had to collect the total amount of 1.046.217 US dollars and 4.400.965 euros representing the equivalent value of the sold merchandise.

For the defaulted clients, the Company registered adjustments on the date of the balance sheet in compliance with the policy approved by the company (see Note 20).

On the date of the financial situations, the Company is involved in litigations with former employees as defendant, litigations pending on the trial courts, for which there cannot be estimated the possible payment obligations of the Company and which may arise from the unfavourable pronouncement of the courts.

The Company had lawsuits pending with the employees. Some files were suspended. Within these files, the suspension arises from the opening of the insolvency proceedings at Oltchim. At the moment of suspension of the proceedings, it is also suspended the limitation period, therefore the casuses may be judged too after the accomplishment of the limitation period of 3 years, but depending on the legal situation of the company after the completion of the insolvency procedure.

At the bankruptcy mass there have been accepted amounts requested in court by employees of the Petrochemical Directorate Bradu, and from the amounts cashed from the sale of assets there have been paid to them the amounts won in court, so that the lawsuits filed by them, which were of big values, have remained without object.

The company OLTCHIM has in its ownership a land situated in Colonia Nuci. There have been ascertained overlaps of lands, for which there have been formulated actions for the recovery of possessions.

The company does not have registered any litigations regarding the breach of legislation regarding the environment protection.

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Environment

The company registers and pays the environmental fund at the Budget set up according to the norms in force.

In compliance with the Law No. 3/2001 for the ratification of the Kyoto Protocol, at the Framework Convention of the United Nations on the climate changes, Romania is included in Appendix I as industrialized country with economy in transition and it commits to a reduction of greenhouse gas emissions during 2008 - 2012 by 8% compared to the reference year 1989. Pursuant to the Directive 2003/87/CE of the European Parliament and of the Council in order to improve and extend the community system for commercialisation of the greenhouse gas emissions certificates, the companies of the European Union have committed themselves that until 2020 to reduce the total greenhouse gas emissions by at least 20% as compared to the levels in 1990.

In Romania this legislation is transposed by the Government Decree 780/14.06.2006 with further amendments regarding the efficient setting-up of of the commercialisation scheme of the greenhouse gas emissions certificates in terms of economy.

Environmental obligations

Oltchim SA owns the Integrated Environmental Permit no.6/25.05.2015 valid until 05/24/2025.

Together with the sale of assets on December 7th, 2018, it has been submitted a request to transfer the Integrated Environmental Permit to Chimcomplex Borzesti.

Oltchim SA owns the Water Management Permit no.276/12/07/2016 valid until 12/31/2019, for which it has been submitted a request for transfer to the new buyer of the assets.

(ii) Duties

On December 31st, 2018, the Company has registered reserves from fiscal facilities in amount of 6.842.711 lei which, according to the fiscal legislation in force on this date, shall become taxable upon their change of destination. The impact shall be of 16% applied to the equivalent value of the used reserves. The company does not intend to use these reserves, therefore on the reporting date it has not been calculated nor registered any deferred tax related to these reserves.

(iii) Onerous contracts

The conerous contracts are considered to be those contracts in which the costs related to the fulfilment of the contractual obligations exceed the resulted economical benefits. Therefore, these contracted results include at least the net cost related to the carrying out of the contract which represents the minimum between the costs for fulfilling the contractual obligations and any compensation or penalties resulted from their non-fulfilment. On December 31st, 2018, the Company is not party in any onerous contract.

(iv) Complaints related to non-compliant products

On December 31st, 2018 the Company did not register contingent debts related to complaints from clients due to some non-compliant products. The management considers as insignificant the risk of some possible complaints. During 2018, the Company did not conclude insurance policies against these risks.

(v) Insurance policies

On December 31st, 2018, the Company's buildings and installations are partially insured.

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35. FINANCIAL RISKS

Exchange rate risk

The exchange rate risk, originating from the fluctuations of the exchange rate, is insignificant for Company.

According to the provisions of the Law no.85 of 2014 regarding the insolvency proceedings, the Company's debts expressed or consolidated in foreign currency are registered in the creditors' table at their value in lei, at the Romanian National Bank's exchange rate existing on the date of opening the insolvency procedure. So that the update of the debts denominated in other currency is made only for the amounts originating from that insolvency period, which are insignificant at the end of 2018, the impact of the exchange rate differences being insignificant.

Monetary assets and liabilities denominated in LEI and in foreign currencies are analyzed below:

	Year completed on December 31st, 2018	Year completed on December 31st, 2017
Assets (current assets, less inventories)		
Monetary assets in lei	360.587.402	100.875.900
Monetary assets in foreign currency	49.061.499	35.448.019
	409.648.901	136.323.919
Liabilities (total liabilities acc.to balance sheet)		
Monetary liabilities in lei	685.651.776	895.039.415
Monetary liabilities in foreign currency	220.239.245	443.306.809
	905.891.021	1.338.346.224
Net monetary position in lei	(325.064.374)	(794.163.515)
Net monetary position in foreign currency	(171.177.746)	(407.858.790)

Interest rate risk

The interest rate risk represents the risk that the value of a financial instrument should fluctuate further to the variations of the interests rates on the market.

During 2018 the Company did not conclude loan contracts with banking institutions.

Credit risk

The credit risk represents the risk that one of the participating parties at a financial instrument should not fulfil any obligation, which will cause a financial loss registration to the other party.

The financial assets which submit the Company to potential concentrations of credit risks mainly include the claims from the basic activity. These are presented at the net value by the provision for uncertain claims. The credit risk related to the claims is limited, as a consequence to the financial instruments used (promissory notes, cheques, incasso, letter of credit) and of the insurance policies of commercial claims.

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Liquidity risk

The liquidity risk, also named financing risk represents the risk that an enterprise should have difficulties in the accumulation of funds to fulfil the commitments associated to the financial instruments. The liquidity risk may appear further to the incapacity to sell quickly an asset at a value close to the fair one. The Company's policy regarding the liquid assets is to keep enough assets so as to be able to pay the obligations at the due dates. The debts and the assets are being analyzed depending on the remaining time until the contractual maturities, thus:

	<u>Less than 1 year</u>	<u>2-5 years</u>	<u>Total</u>
Not-interest bearing debts	243.583.942	662.307.079	905.891.021
Commercial debts	64.257.415	266.023.909	330.281.324
Other current debts and loans	179.326.527	396.283.170	575.609.697
Interest bearing debts	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalent	336.176.273	-	336.176.273
Claims and other assets	73.472.628	-	73.472.628

As of the confirmation of the Reorganisation Plan by the Bankruptcy Judge (April 2015), the credits have been terminated, all debts registered on 31/12/2018 being not-interest bearing debts.

The company monitors daily the treasury flows and permanent updates the projections of receipts and payments for a better administration of the liquid assets under the terms of financial difficulties it is facing.

36. ACTIVITY'S CONTINUITY

In 2018, the activity of the company Oltchim SA was affected by the sale, on December 7th, 2018 of the assets on the industrial platform at Rm.Valcea, respectively the functional assets, to the company Chimcomplex SA Borzesti. This transaction was classified as an asset sale and not as a company sale (business combination) under the provisions of IFRS 3 in force. These financial statements have been drawn up based on the principle of the activity's continuity according to the Reorganization Plan, confirmed by the syndic judge by the Sentence no. 892/22.04.2015 pronounced in the insolvency file no. 887/90/2013 – Law Court Valcea, and not based on the principle of continuity of production activity and normal operation of the plants. The plan of judicial reorganisation will be finalised in April 2019, and in the following months the company will enter the bankruptcy stage according to the law. During bankruptcy the Company will continue its activity in order to sell all its assets and to pay the debts recorded in the table of liabilities as at December 31, 2018, according to the reorganisation plan.

Under these circumstances, we present the structure of the result from the current activity separately from the impact of assets' sale and application of the provisions in the reorganisation plan along with the sale of assets.

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Thus, the structure of main performed indicators is as follows:

No.	Indicators	-thousand lei-	
		<u>Current activity</u>	<u>Influence of the results assets' sale according to the Reorganisation Plan and provision compensatory payments</u>
			<u>TOTAL YEAR 2018</u>
1	Turnover	1.141.920	1.141.920
2	Total revenues	1.144.008	1.748.123
	- revenues from operation	1.139.838	1.743.953
	- financial revenues	4.170	4.170
3	Total expenses	1.027.299	1.658.926
	- expenses from operation	1.023.189	1.654.817
	- financial expenses	4.110	4.110
4	Gross result	116.710	89.197
	- result from operation	116.649	89.136
	- financial result	61	61
5	EBITDA	155.900	128.388
6	Corporate tax	20.868	60.730
7	Tax specific to some activities	51	51
8	Net result	95.790	28.416

The comparative analysis of the financial indicators registered by Oltchim SA from the current activity (without the influence of the results from the assets' sale in 2018) is presented as follows:

No.	Indicators	-thousand lei-			
		<u>Achieved Year 2018</u>	<u>Achieved Year 2017</u>	<u>Differencies</u>	
				<u>%</u>	
1	Turnover	1.141.920	961.504	+180.416	+18,76
2	Total revenues, of which:	1.144.008	1.001.102	+142.906	+14,27
	-revenues from operation	1.139.838	997.769	+142.069	+14,24
	-financial revenues	4.170	3.334	+837	+25,10
3	Total expenses, of which:	1.027.299	933.537	+93.761	+10,04
	-expenses from operation	1.023.189	928.577	+94.612	+10,19
	-financial expenses	4.110	4.960	-851	-17,15
4	Gross result, of which:	116.710	67.565	+49.144	+72,74
	-result from operation	116.649	69.192	+47.457	+68,59
	-financial result	61	-1.627	+1.688	-
5	Net result	95.790	47.732	+48.058	+100,68
6	EBITDA from the current activity	155.900	132.732	+23.168	+17,45

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The above mentioned data indicate an improvement in 2018 as compared to 2017 of the main economic and financial indicators (turnover, gross result, EBITDA) from the current activity, thus:

- The turnover increased by 180 million lei, respectively by 19% as compared to 2017;
- The gross result increased by 49 million lei, respectively by 73% as compared to 2017;
- EBITDA increased by 23 million lei, respectively by 17% as compared to 2017.

In 2018, the export and the inter-community market sales amounted to 186 million euro. The imports and the inter-community purchases in amount of only 28 million euros, have caused a positive external balance of the company in sum of 158 million euros.

For 2019 the company takes into account the continuation of procedures for the sale of assets remained in patrimony, respectively:

1. Installation PVC II (difference package 7) placed on the industrial platform Rm. Valcea;
2. Phthalic anhydride installation (package 9) placed on the industrial platform Rm. Valcea;
3. The assets (land, real estates, technological installations, movable property, investments in progress, intellectual property rights) placed on the platform Bradu – Pitesti, package no. 8.

Oltchim SA, except the sale of assets packages remained in patrimony, carries out sale activity of the finished goods, raw materials, materials, spare parts, packaging etc. which were in stock on the assets' selling date, respectively December 7th, 2018.

These financial situations have been drawn up based on the activity's continuity principle under the Reorganization Plan, confirmed by the syndic judge by the Sentence no. 892/22.04.2015 pronounced in the insolvency file no. 887/90/2013 – Law Court Valcea, and not based on the principle of continuity of production activity and normal operation of the plants. The plan of judicial reorganisation will be finalised in April 2019, and in the following months the company will enter the bankruptcy stage according to the law. During bankruptcy the Company will continue its activity in order to sell all its assets and to pay the debts recorded in the table of liabilities as at December 31, 2018, according to the reorganisation plan.

37. REORGANISATION PLAN

In order to achieve the Reorganisation Plan, it started from the premises that the Company shall carry out its activity according to the business activity, in two scenarios:

- ✓ Scenario A - takes into consideration the functioning of the debtor Company with the oxo-alcohols installation restarted;
- ✓ Scenario B - takes into consideration, as major additional objective compared to scenario A, the restart of the section AF-DOF by the identification of external financing sources.

Until the sale of assets to Chimcomplex Borzesti, the Company carried out its activity according to scenario A.

In compliance with the provisions of the Reorganisation Plan and based on the confirmation by the bankruptcy judge, from the amounts cashed from the sale of assets there have been made payments on behalf of amounts from the bankruptcy mass, such as:

- Guaranteed creditors: 290.586.181 lei
- Budgetary creditors: 62.063.238 lei
- Essential suppliers: 25.647.156 lei
- Creditors employees: 9.704.264 lei

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38. INVESTIGATION OF THE EUROPEAN COMMISSION THROUGH DG COMPETITION FOR A POTENTIAL STATE AID GRANTED TO OLTCHIM SA

On December 17th, 2018, further to the investigation started in April 2016 by the European Commission, in order to establish if some measures taken by Romania to support the company Oltchim were observing the EU norms regarding the State aids, it concluded that the public financing granted by Romania to the company Oltchim, of approximately 335 million EUR plus interests, is compatible with the EU norms regarding the State aids and must be recovered by Romania from Oltchim SA. This decision communicated on the website of the European Commission is addressed to the Romanian State, as shareholder of Oltchim, and shall be contested by Oltchim SA. The Company hired a law firm, White and Case, to contest the decision, and they consider there are chances relatively high in favour of Oltchim.

Oltchim SA is a company in judicial reorganisation, and this decision does not clarify how any amount can be recovered (if it is recoverable). Besides, Oltchim did not take benefit of any financing from the Romanian State. The decision refers to cooperations with companies with state capital (National Salt Company, CET Govora, National Administration of Romanian Waters) and AAAS, and actually they will make requests to recover the amounts from Oltchim. As at December 31, 2018, two of them made these requests but they didn't show how the amounts had been calculated.

As a conclusion, this decision is not clear and does not determine:

- what is the exact level of debts, the Company cannot either estimate them;
- if these debts are classified as current debts in insolvency or are subject to registration in the table of liabilities, this decision is to be made by the syndic judge;
- at this moment, the hired law firm estimates that there are chances of winning.

Consequently, on the date of these financial statements, the Company considers that it is no necessary to record a provision, and the financial statements as at December 31, 2018 do not include any adjustments in connection with this investigation.

39. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in compliance with the IFRS requires the Company to make estimates and judgements that affect the reported values of the assets and liabilities, the presentation of the potential assets and liabilities as at the financial statements day, and the expenses and income for the respective period. Related estimates and hypotheses are based on the historical experience and on other factors considered reasonable under the circumstances. The results of these estimates and hypotheses form the basis of the judgements concerning the accounting values of the assets and liabilities which cannot easily be obtained from other sources. The actual results may differ from the values of the estimates.

The estimations and the hypotheses underlying them are periodically revised. The revisions of the accounting estimates are recognized in the period in which the estimates are being revised, if the revision affects only that period of time, as well as during revision or in future periods if the revision affects both the present period and future periods.

40. EVENTS FURTHER TO THE BALANCE SHEET'S DATE

Approval to contest the decision of the European Commission

On February 28th, 2019 the Creditors' Committee Oltchim approved the employment of the company White & Case to contest the Decision of State aid issued by the European Commission, the elaboration of the defense strategy in the litigation which is about to be judged at CJUE, the representation in front of CJUE and the fulfilment of all actions necessary to ensure the maximisation of this action's chances of success.

Change of the exchange rate

On February 28th, 2019, the exchange rate was 4,7416 lei/euro and 4,1584 lei/US dollar. This aspect represents a depreciation of the national currency by 1,64% against euro and a depreciation by 2,04% against the US dollar, as compared to December 31st, 2018 (1 euro = 4,6639 lei; 1 US dollar = 4,0736 lei).

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Receipts and payments of claims and debts

Until February 28th, 2019, the Company cashed the amount of 3.153.501 euros and 21.075.803 lei, according to the commercial claims remained din balance on December 31st, 2018 and paid commercial debts in amount of 113.128 euros and 54.887.876 lei of the invoices existing in balance on December 31st, 2018.

Stock exchange quotation

The closing price of a share OLT on December 31st, 2018 was 0,0368 lei, and the stock exchange capitalisation registered on this date was in amount of 12.630.179 lei.

The presented individual financial statements have been approved by the management on March 22, 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

**REPORT OF THE SPECIAL ADMINISTRATOR
REGARDING THE ACTIVITY OF THE COMPANY OLTCHIM S.A. IN 2018,
DRAWN UP ACCORDING TO THE APPENDIX 15 OF THE ASF REGULATION NO. 5/2018**

Name of the company	OLTCHIM S.A. Rm. Vâlcea <i>Company in judicial reorganisation, en redressement</i>
Registered office	Rm. Vâlcea, 1 Uzinei street
Telephone number	0250/701 200
Fax number	0250/735 030
Number and date of the registration to the Office of the Trade Registry	J38/219/18.04.1991
VAT Code	1475261
LEI Code	254900KXPD2OOC2LLX56
Relevant market where the shares are being transacted	Stock Exchange Bucharest, standard category, symbol OLT
Subscribed and paid-up share capital	34.321.138,30 lei
Main characteristics of the exchange securities issued by Oltchim S.A	Nominative joint actions, issued in dematerialised form
Number of shares	343.211.383
Nominal value	0,10 lei/share

MAJOR EVENTS IN THE COMPANY'S ACTIVITY IN 2018

- In 2018 the activity of the company Oltchim S.A. has been affected by the sale of the assets from the industrial platform at Rm.Vâlcea, namely the functional assets, to the companies Dynamic Selling Group SRL and Chimcomplex SA Borzești:
 - in June 2018 it has been finalised the sale contract of the asset Division Building Materials Ramplast concluded with Dynamic Selling Group SRL, as buyer, by cashing the price of the transaction amounting to 12.111.320 lei, without VAT;
 - in December 2018, based on the assets sale contract, the assets have been sold (intellectual property rights, lands, buildings, movable properties, investments in progress) related to the chlor-alkali, propenoxide, polyols-polyether, oxo-alcohols installations, utilities, the park of wagons, monomer, PVC I, on the industrial platform Rm.Vâlcea. The value of the transaction amounted to 589.328.986 lei, without VAT.
- As a result of these transactions, Oltchim S.A. remained with assets in preservation, for which the procedures stipulated by the Reorganisation Plan shall be continued;
- The finalisation in December 2018 of the investigation started in April 2016 by the European Commission to establish if some measures taken by Romania, to support the company Oltchim, were respecting the EU norms regarding the State aids, concluding that the public financing granted by Romania to the company Oltchim, of about 335 million EUR plus interests, is incompatible with the EU norms regarding the State aids and must be recovered by Romania from Oltchim SA. The Creditors' Committee Oltchim decided to contest this decision.
- At the end of December 2018 the number of employees decreased to 616;

I. ANALYSIS OF THE COMPANY'S ACTIVITY

1.1 (a) Description of the company's main activity:

Oltchim S.A. Râmnicu Vâlcea is one of the biggest companies of chemical products in Romania, being a reference name on the country's economical map. The field of activity in which it operates is included in the CAEN code – 201 – Manufacture of basic chemicals, of the fertilisers and nitrous products; manufacture of plastic materials and synthetic rubber, in primary forms. The main activity consists of the manufacture of other basic organic chemicals - CAEN code 2014. According to the provisions of the Articles of Incorporation, the business activity mainly consists of: design and production of chlor-alkali products, oxo-alcohols, petrochemicals, other chemical products, including services and technical assistance and their sale on internal and external markets. In the chemical field it is an integrated company, which starts from primary raw materials: salt, water, electricity, methane gas, and continues with the advanced processing until reaching the finished goods. The company's main production is structured in two sites.

The chemical platform Rm. Vâlcea has in its structure the following production sections:

- Membrane Electrolysis Section - produces liquid caustic soda, hydrochloric acid and chlorine gas;
- Chlor-alkali Section - produces block soda, soda flakes;
- Propenoxide Section - produces propenoxide;
- Polyols Section – produces polyethers and propylene glycol;
- Special Polyols Section-produces polyethers;
- Plasticisers Section-produces oxo-alcohols;
- The Building Materials Section which produces PVC RAMPLAST profile shapes (until June 13, 2018 it worked in managed location - tenant the company Dynamic Selling Group SRL, later on being purchased by the tenant).

The Petrochemical platform Bradu – Pitești has in its structure 2 production sections (Olefine and Polymers) which have been in preservation during 2017 due to lack of working capital.

The total degree of use of the production capacities on the chemical platform Rm. Valcea during 2018 is **32,65%**, reduced degree caused by the following non-operating installations, being in preservation: Monomer, PVC, Dioctylphthalate, Phthalic Anhydride.

The utilisation of the operating installations was **66,09%** and includes the following: Membrane Electrolysis Installation, Propenoxide, Polyols-polyethers Sections, Oxo-alcohols Section.

The following production lines have been shut down also during 2018:

- the production line phthalic anhydride - dioctylphthalate totally shut down since August 2012;
- Mercury Electrolysis Installation totally shut down since May 2012;
- PVC Section totally shut down since September 2011;
- Monomer Section totally shut down since November 2008;
- The installations of the Petrochemical Division Bradu since November 2008.

In December 2018 it has been finalised the transaction regarding the sale of the assets on the industrial platform at Rm.Valcea, respectively the functional assets (bundles 1 – 5 and partially 7) to the company Chimcomplex SA Borzesti. The Reorganisation Plan shall be complete in April 2019, after which, procedurally, the Company will enter the stage of bankruptcy by operation of law, in the next months. In the stage of bankruptcy the Company carries out the activity for the accomplishment of objectives to sell fully the company's assets and close the liabilities from the table of creditors outstanding as at December 31, 2018 according to the Reorganization Plan.

Considering that the Company will not have production activity after December 31, 2018 the company decided to reevaluate the remaining tangible assets, revaluation which was performed by an independent appraiser authorized by ANEVAR. In the financial statements of the company as at December 31, 2018, fixed assets are presented at liquidation value, assuming that the assets shall be sold on bundles and based on functionality considerations of the seller. The liquidation values of the assets and liabilities registered at December 2018 can be significantly different from what can be realised during the stage of bankruptcy.

(b) Specification of the trade company's date of foundation:

Oltchim SA Rm. Vâlcea has been founded as joint stock company by the Government Decision no. 1213/November 20, 1990, by the total take-over of the patrimony of the Chemical Plant Rm. Vâlcea which was founded in 1966.

(c) Description of any merger or significant reorganisation of the trade company, of the subsidiaries or of the controlled companies during the financial year:

Starting with the date of insolvency proceedings (01/30/2013) the company's activity carries on according to the procedures governed by the provisions of the Law no. 85/2006 regarding the insolvency proceedings. The company has been in the stage of judicial reorganisation since the pronouncement of the judgement no. 892/22.04.2015 in the insolvency file no. 887/90/2013, by which it has been confirmed the Reorganisation Plan proposed by the consortium of insolvency administrators.

(d) Description of purchases and/ or of alienations of assets:

Further to the modification of the Reorganisation Plan, The General Assembly of the Creditors Oltchim S.A. approved during 2018 the sale contracts of most assets in the company's patrimony to Chimcomplex SA Borzești, namely the operational packages of assets (1-5 and partially 7) grouped in: Installations of chlor-alkali products, Oxo-alcohols, Polyols, Site Services, Railway wagons and partially the PVC installations and to Dynamic Selling Group SRL, namely the package 6 representing the asset RAMPLAST.

(e) Description of the main results of the company's activity assessment:

1.1.1 Elements of general assessment:

In 2018, until December 7, 2018 when the functional assets have been sold, according to provisions of the Reorganisation Plan, the company's activity was on a descending line, being the best financial results registered in the last years. Along with the sale of the functional assets from the industrial platform at Rm.Vâlcea on December 7, 2018 to the company Chimcomplex SA Borzești, the activity Oltchim SA has been drastically reduced.

Under these circumstances, we present the structure of the result from the current activity separately from the impact of the assets' sale and applying the provisions from the Reorganisation Plan along with the sale of assets.

Thus, the structure of the main indicators achieved is as follows:

			-thousands lei-	
No.	Indicators	Current activity	Influence of the results of the assets' sale according to the Reorganisation Plan and provision compensatory payments	TOTAL YEAR 2018
1	Turnover	1.141.920		1.141.920
2	Total revenues	1.144.008	604.115	1.748.123
	- revenues from operation	1.139.838	604.115	1.743.953
	- financial revenues	4.170		4.170
3	Total Expenses	1.027.299	631.628	1.658.926
	- expenses from operation	1.023.189	631.628	1.654.817
	- financial expenses	4.110		4.110
4	Gross result	116.710	-27.512	89.197
	- result from operation	116.649	-27.512	89.136
	- financial result	61		61
5	EBITDA	155.900	-27.512	128.388
6	Corporate tax	20.868	39.862	60.730
7	Tax specific to some activities	51		51

8	Net result	95.790	-67.374	28.416
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The comparative analysis of the financial indicators registered by Oltchim SA from the current activity (without the influence of the results from the assets' sale in 2018) is presented as follows:

thousands lei

No.	Indicators	2018	2017	Differences	%
1	Turnover	1.141.920	961.504	+180.416	+18,76
2	Export (thousand euros)	186.209	163.492	+22.717	+13,89
3	Total revenues	1.144.008	1.001.102	+142.906	+14,27
	-revenues from operation	1.139.838	997.769	+142.069	+14,24
	-financial revenues	4.170	3.334	+837	+25,10
4	Total expenses	1.027.299	933.537	+93.761	+10,04
	-expenses from operation	1.023.189	928.577	+94.612	+10,19
	- financial expenses	4.110	4.960	-851	-17,15
5	Gross result	116.710	67.565	+49.144	+72,74
	-result from operation	116.649	69.192	+47.457	+68,59
	-financial result	61	(1.627)	+1.688	-
6	EBITDA from the current activity	155.900	132.732	+23.168	+17,45
7	Net result	95.790	47.732	+48.058	+100,68
8	Utilisation of the production capacities	30,48%	32,87%	-2,39%	-7,27

- ✓ **The turnover** amounting to 1.142 million lei increased by 180 million lei (equivalent of 35 million euros) compared to 2017;
- ✓ **The export and intra-community sales** in 2018 amounted to 186 million euros. **The imports and the intra-Community purchases**, in amount of only 28 million euros, have caused a positive external balance of the company in sum of 158 million euros;
- ✓ **The ratio of the export in the turnover** was 76% in 2018, compared to 78% in 2017;
- ✓ **The gross profit from the current activity** is 117 million lei (equivalent to 25 million euros), representing an increase by 49 million lei (equivalent of 10 million euros) compared to 2017;
- ✓ **The net result from the current activity** in 2018 amounts to 96 million lei representing an increase by 48 million lei, compared to the net profit in 2017;
- ✓ **The indicator EBITDA from the current activity** is +155,9 million lei, signifying an improvement of the profitability, compared to the previous periods of time.

1.1.2. Assessment of the trade company's technical level

Description of the main products manufactured and/or performed services:

Inorganic products:

- Caustic soda (liquid, block, flakes);
- aggregation hydrochloric acid;
- liquid chlorine;

Macromolecular products:

- polyethers - polyols for polyurethane foams;

Inorganic aggregation products:

- Propylene oxide
- Propylene glycol
- Oxo - alcohols

Short presentation of the main manufactured products

Inorganic products:

Caustic soda is used in the oil industry, in the petrochemical industry, in the aluminium industry, in the industry of cellulose and paper for the treatment of the wood pulp, at the manufacture of detergents (as raw material), for the preparation of soap, at the manufacture of the colorants, of the phenol, of the phosphates. Also, the caustic soda, in all its forms, can be found in the regeneration process of the rubber, at the drying out and dechlorine process of the gases and in the manufacturing process of the cellulose fibres through the technique type „viscose“.

Solid caustic soda (block, flakes) is requested on the market due to the advantages given to the users: smaller storage costs, easier and more precise dosing, qualities that recommend the product to uses in the field of pharmaceuticals, cosmetics, detergents and other fine aggregation fields.

The hydrochloric acid is used in the organic and inorganic industry for the aggregation of the chlorinated hydrocarbures, respectively the inorganic chlorines, but also as a neutralisation agent. It is also used in the pharmaceutical, cosmetic, plastics industry, in the rubber industry at the aggregation of the chloroprene, in the colorants industry, in the textile industry, and in the cellulose and paper industry. It is also used as a regenerating agent of the ion-exchange resins in the stations of water demineralization and as a pickling and degreasing agent in the metallurgical and car industry.

The liquid chlorine is used in the aggregation of the hydrochloric acid, as intermediate in the aggregation of some organic chemicals, in the rubber industry, in the textile industry and in the industry of cellulose and paper as a bleaching agent, as neutralisation agent at water treatment and as oxidation agent in the process of water purge.

Macromolecular products:

Polyethers-polyols are used at the aggregation of the unsaturated polyurethane epoxy resins, of the elastomers, of the adhesives, of the anti-foams, at the manufacture of the lubricants and the break fluids. Their most important use is the manufacture of the flexible or rigid polyurethane foams. The polyurethane foams are obtained through a linear or in block foaming process.

They are used in the furniture industry at the tapestries, in the car industry at different objects (board, steering wheel), car tapestries. They are also used for thermal insulations at low temperatures (refrigerators, freezers). The polyurethane foams are used to obtain the core of foam for the panels sandwich type.

Organic aggregation products:

Propylene oxide is used at the manufacture of the break fluid, of the agents for the fire-fighting, of the synthetic lubricants in the oil drilling, etc.

Propylene glycol is mainly used in the paints, lacquers industry, as solvent for obtaining the pattern paint and of laundry detergents, as plasticiser for the improvement of the processing capacity of the plastics, in the cosmetic and pharmaceutical industry.

(a) The main marketplaces, the quota owned by the main products on these markets in 2018 and the distribution methods:

In 2018 there have been registered increases in quantity at the main manufactured products as compared to 2017, having a positive influence on the turnover which increased to **245.388 thousands euros**.

After the entrance into insolvency, the sales have registered monthly increases, but the market shares owned by the manufactured products proved to be insignificant in 2018, on the main marketplaces.

The company exploits 76% of the turnover at export and on the intra-Community market.

The sale of the products is made through the method of *direct delivery* to the end users (consumers) or through the *method of selective distribution* to the trading companies, specialized in the distribution of the chemicals, who, at their turn, sell to the end users. The carrying out of sales through the second method provides the logistic conditions (warehouses, vehicle means of transport according to the legislation in force, which regulates the sale of the chemicals, including the dangerous chemicals), helps to the diminution of costs with the sale of products on markets in faraway geographical areas, the payment in advance, the products' prospection and promotion (depending on the market).

(b) the ratio of each category of products in the trade company's turnover for the last three years:

Categories of products	2018	2017	2016
Petrochemistry – polyols polyethers	53	61	64
Chlor-alkali	23	21	21
Oxo-Alcohols	15	15	11
Goods	8	2	3
Miscellaneous	1	1	1

%

(c) New envisaged products and for which a substantial volume of assets will be affected in the next financial year and also the stage of development of these products

Non-applicable.

1.1.3 The assessment of the technical-material procurement activity (indigenous sources, import sources)

In 2018 the procurement activity of the company Oltchim SA Râmnicu Vâlcea carried out through the Procurement Office (for the procurement of raw materials, auxiliary materials, maintenance works and services) and the Logistics Office (for contracting transport services), based on the Internal Procedural Rules regarding the distribution of the contracts, document that may be consulted by accessing the following link <http://www.oltchim.ro/uploaded/2014/Achizitii/Norme%20procedurale.pdf>.

From the total personnel involved in the procurement process of Oltchim SA, 91% was personnel with higher education. The functioning of the procurement system is continuously evolving and produces significant quantities of information for the company's management. In 2018 the data base ORACLE has been made operational to keep a quantity and value track of the purchased goods.

The control ex-ante has been made by the chief of the Procurement Department, chief of the Procurement Office, Legal Advisor's office and CFP Office, checking the quality and the regularity of the documents drawn up by the personnel involved in the procurement activity. The control ex-post of the procurement procedures has been made by the General Inspection and financial control Office and the Internal Audit Office.

From the procurement activity's point of view, 2018 was a development year of the company's position on the internal and foreign markets. Oltchim continued the connections with old partners and initiated new contracts, thus extending more the coverage area regarding the sources of procurement of the necessary goods and services.

For all the raw materials essential to the technological process, there have been concluded firm supply contracts for the entire necessary quantity (propylene, ethylene oxide, etc), fact which guaranteed the company's stability. CET Govora was in 2018 the main supplier of electricity and supplier of industrial steam, the two partners being in a relation of technological interdependence.

At the end of 2018, along with the sale of the biggest part of the assets Oltchim SA to Chimcomplex Borzești SA, the procurement activity has been resized, being carried out within the Commercial Department.

1.1.4 Assessment of the sale activity

a) *Description of the sales' evolution sequentially on the internal and/or external market and of the sales' overviews on medium and long term;*

In 2018 the company produced and delivered three categories of products:

- **Polyols – polyethers** with a ratio of 53% in total sales;
- **Chlor-alkali products** with a ratio of 24% in total sales;
- **Oxo – alcohols products** with a ratio of 15% in total sales.

The products with the biggest ratio in the turnover were the polyols. The company intends to concentrate its activity on the polyols and caustic soda sections. The hydrochloric acid and the sodium hypochlorite are secondary products obtained in the electrolysis process and are exploited mainly on the internal market, since they need special conditions of storage and transportation.

The shut down of the pyrolysis installation (2008) within Arpechim which was supplying the ethylene for the chemical platform at Rm.Valcea through the underground pipeline, had a negative impact on the PVC production activity, the ethylene representing the main raw material for obtaining this product. The situation culminated in 2012 with the total shut down of the PVC's production installation.

The main marketplaces in 2018 were: The European Union (53%), Romania (25%), The Middle East (11%) and the Rest of Europe (8%).

The company has a wide and varied range of quality products and with multiple fields of use, highly-requested products both on internal and external market. For some products in the profile of manufacture, OLTCHIM is main supplier or even unique supplier on domestic market, being the company that supports with raw materials a series of fields of activity in the country, namely: the aluminium industry, the manufacture of artificial and cellulosic fibres, the energetic industry, the pharmaceutical and food industry, the industry of plastics processing, engineering industry.

The evolution of sales, on geographical areas, in 2018, is presented below, as compared to 2017:

Product/Geographical area	2018		2017	
	Quantity (to)	Value (EUR)	Quantity (to)	Value (EUR)
CAUSTIC SODA				
European Union (including Romania)	74%	73%	66%	65%
The Rest of the World	26%	27%	34%	35%
POLYOLS				
European Union (including Romania)	89%	88%	89%	88%
The Rest of the World	11%	12%	11%	12%
OXO-ALCOOLI				
European Union (including Romania)	42%	41%	38%	39%
The Rest of the World	58%	59%	62%	61%

b) *The description of the competitive situation in the trade company's field of activity, of the market ratio trade of the company's products or services and of the main competitors:*

The caustic soda:

Globally, the biggest producers and thus competitors are:

Dow Chemical, Ineos Chlor, Solvay SA, Akzo Nobel, Bayer AG, Arkema, SolVin, Vinnolit, Ercros, BASF, PCC Rokita;

In Central and Eastern Europe, Oltchim is the biggest producer of caustic soda, followed by, in the order of the production capacities: Borsodchem, Anwil SA, Spolana.

Polyethers - polyols:

Globally: Dow, Lanxess, Repsol, Shell, BASF, and in **Central and Eastern Europe-** PCC Rokita, Fortischem Slovakia;

The main competitor of Oltchim on the polyurethanes market in Europe is PCC – Rokita, company owned by the shareholder Oltchim – PCC SE, which is in the same position of exclusive producer of polyols - polyethers, unlike the big producers (Dow, Bayer, BASF etc.) which also offer the reaction product in the manufacture of polyurethanes, meaning the isocyanates and also owe houses of systems that allow the production's integration into downstream.

(c) Description of any significant dependancy of the trade company against one client or a group of clients whose loss would have a negative impact on the company's revenues:

There is no client or group of clients acting in a coordinated way and which is considered to be significant for this report.

1.1.5. Assessment of the aspects related to the company's employees/personnel

(a) The specification of the number and the training level of the employees, as well as of the degree of syndication of the workforce:

On December 31st, 2018, the number of the company's employees was **616**, smaller with 1348 than at the end of the previous year. The reduction of personnel is caused by the sale of assets to Chimcomplex SA Borzești and Dynamic Selling, made during 2018.

For 436 employees there have been fulfilled the specific procedures for the collective redundancy that would be effective during January - February 2019.

The personnel structure on December 31st, 2018 in terms of elements of age, qualification, seniority is the following:

Qualification	No. of employees	(%)
Higher education	246	39,7
Post-secondary education	26	4,2
Hightschool education	344	55,8
Age	No. of employees	(%)
< 18	0	0,0
20 - 30 years	9	1,4
31 - 40 years	72	11,8
41 - 50 years	292	47,2
over 50 years	243	39,4
Ratio of men, women in the total personnel		
Women	259	42,1
Men	357	57,9
Seniority in company	No. of employees	(%)
< 3 years	20	3,2
>=3, <5	1	0,2
>=5, <10	129	20,8
>=10,<15	72	11,6
>=15,<20	110	17,9
>=20	284	46,1

Ratio TESA and workers in total personnel	No. of employees	(%)
TESA	241	38,9
Workers	375	60,9

The structure on age on December 31st, 2018 shows that the majority (47%) is the category of age between 41 and 50 years. From the seniority in the company's point of view, the biggest ratio is owned by the personnel with over 20 years of seniority (46%).

The ratio of 56% of the personnel with highschool education (highschool, vocational school) is in concordance with the company's profile of activity - industrial production unit, where the number of the direct productive personnel - workers is dominant.

(b) Description of the reports between the manager and the employees, as well as of any conflict elements characterising these reports:

The relation of the four unions with the management of the company is based on dialogue, of which purpose is the harmonisation of the employees' expectations with the company's possibilities, the compliance with the provisions of the Collective Labour Contract, consultation and negotiation in the Joint Commission.

There have not been registered protests related to the procedure of collective redundancy.

1.1.6. The assessment of the aspects related to the impact of the basic activity on the environment

The synthetic description of the impact of the issuer's basic activities on the environment, as well as of any other existing or expected litigations regarding the breach of legislation concerning the environment:

Taking into consideration that Oltchim carries out its activity in two different locations, respectively the Chemical Platform Rm. Vâlcea and the Petrochemical Directorate Bradu (place of business), the competent environmental authorities have issued documents highlighting the environmental obligations for each location: integrated environmental permits, licenses regarding the greenhouse gas emissions, agreements and environmental notices, water management permits, the licence for pipeline transport of the ethylene and propylene etc.

The environmental policy of OLTCHIM S.A. Rm. Vâlcea is closely related to the economic policy of the company and focuses on the following main directions:

- the superior valorisation of the primary resources of raw materials and energy with effects on the minimisation of the quantities of wastes, of waste waters, of pollutants in waters, air and the decrease of the unitary costs per tonne of product;
- the continuous improvement of the environmental aspects, especially of the significant ones, based on the programs of environmental management, of the environmental obligations (comprised in the Integrated Environmental Permit) having established objectives, targets, terms and responsibilities;
- the observance of the Romanian environmental legislation and alignment to the Directives of the European Union.

The Petrochemical Directorate Bradu owns the following regulatory acts:

- The Integrated Environmental Permit no. 4/08/14/2013 with validity term 08/14/2023
- The Authorisation for greenhouse gas emission (GES) no. 197/09/11/2013 with validity term until 2020
- The Authorisation no. 33/05/07/2013 regarding the transport of ethylene and propylene, through pipelines, from the Petrochemical Directorate Bradu to Oltchim Rm-Vâlcea with validity term 05/06/2023
- The Water Management Permit no. 178/07/27/2016 with validity until 07/31/2019.

The regulatory acts owned by the company for carrying out the activity on the location of the Chemical Plant-Râmnicu Vâlcea:

- The Integrated Environmental Permit issued on 05/25/2015 with validity term 05/24/2025
- The Water Management Permit issued on 12/07/2016 with validity term 12/31/2019
- Environmental Permit for the road transport of dangerous goods and railway transport of goods issued on 04/28/2010 with validity term 04/28/2020
- The Authorisation for the greenhouse gas emissions for the period of time 2013 – 2020, revised on 02/07/2018, with validity term until 2020
- The Environmental Permit for the recovery of the recycled materials issued on 03/01/2012 with validity term 03/28/2022
- The obligation to dismantle the dangerous waste storage pit was transferred to Chimcomplex after payment of 23 million lei.

The surveillance of the environmental factors

The company has an operating monitoring system of all the environmental factors (water, air, soil, waste) through its own laboratories, as well as by institutes and specialized companies.

The management of the Dangerous Substances

Oltchim S.A. has as business activity the manufacture of chemical substances which fall under the scope of the Law no. 59/2016 regarding the control over the dangers of major accident in which dangerous substances are involved. The dangerous substances are either products within the company or received from outside and used as raw materials.

The expenses for the environmental protection made in 2018 amount to 36.464 thousands lei.

The company has not registered litigations regarding the breach of legislation concerning the protection of the environment.

1.1.7. The assessment of the research and development activity

Specification of the expenses in the financial year, as well as of the envisaged ones in the next financial year for the research activity:

In the fiscal year 2018 there have not been concluded any new contracts of technological research and development with institutes of research and design in the field.

At the date of this report, no contracts of technological research and development are concluded for 2019.

The research activity carried out in 2018 concerned the following 4 main directions:

- Researches for obtaining new products/assortments:
 - Mannich polyol aggregation of natural alkyl phenol
 - Polyols of vegetable oils existing in Romania
 - Replacement of the blowing agent HFC 365 in expanded rigid foams
- Researches for the environment protection
- Researches for the efficiency of the production processes
 - Neutralization procedure of the polyols for rigid foams
- Testing some raw materials from other suppliers

1.1.8. Assessment of the company's activity regarding the risk management

The risk management represents an element of the internal control system, by which the significant risks within the company are being discovered, the final purpose being the maintenance of these risks at an acceptable level. The risk management is a continuous and cyclic process based on activities of control and permanent monitoring, which involves:

- setting up the company's objectives according to its hierarchical levels;
- the identification of the risks that may affect the achievement of the objectives, the observance of the rules and regulations, the trust in the financial information, goods protection, prevention and discovery of frauds;
- the definition of the categories of risks (external, operational, regarding the change), as well as of the inherent risk, of the residual risk and of the appetite for risk;
- the assessment of the probability that the risk should materialize and of its size of impact;
- the monitoring and the assessment of the risks, as well as of the degree of compliance to the internal inspections.

The administration of risks is based on the analysis of the risk factors that allows the company's management to know the risks which may affect the achievement of the objectives.

It must be mentioned that some risks will always exist and shall never be completely eliminated. The employees understand the nature of the risk and accept the responsibility for the risks associated to their area of action/authority.

The policy of risk management at the company's level is to adopt the best practices of identification, assessment and efficient control of the risks, including of those regarding the fraud to make sure that they are eliminated or reduced to an acceptable level, which does not affect the company's operating mode or the quality of the supplied products.

Thus, the company has provided an environment of control by applying the following standards: ethics, integrity; attributions, positions, tasks; competence, performance; delegation; organizational structure, etc. The documents in which these standards are implemented are, among others, the following: The Collective Labour Contract, The Internal Regulation, The regulation of organisation and operation, job descriptions and The Quality-Environment Handbook, brought to the employees' attention and periodically revised.

The risk management has been implemented in the company by: setting up the general objectives specific to it and to its structures; setting up of a monitoring and performance reporting system; identification and assessment of the main risks of the activities in compartments/structures; drawing up the risks registry etc.

The company's objectives regarding the risk management within the company are:

- Integrating the risk management in the company's strategy;
- Keeping the threats/ dangers to which the company is subject in acceptable limits;
- Taking adequate decisions for exploiting the opportunities;
- Preventing the losses and the damages and reducing the cost of the risk;
- Contributing to the global improvement of the performances.

The description of the company's exposure against the risks:

The market risk

In 2018, the company reached a turnover of 245.388 thousand euros, but along with the sale of the assets in December 2018, Oltchim shall not be present anymore on the commercial market.

Exchange rate risk

The exchange rate risk, originating from the fluctuations of the exchange rate, is insignificant for the Company.

According to the provisions of the Law no. 85 of 2006 regarding the insolvency proceedings, the Company's debts expressed or consolidated in foreign currency are registered in the creditors' table at their value in lei, at the Romanian National Bank's exchange rate on the date of starting the insolvency proceedings. The update of the debts denominated in other currency are made only for the amounts originating from

the insolvency period, whose values are insignificant at the end of 2018 and the impact of exchange rate is insignificant.

Monetary assets and liabilities expressed in LEI and foreign currency are analysed below:

	Year ended December 31, 2018	Year ended December 31, 2017
Assets (current assets, without inventories)		
Monetary assets in lei	360.587.402	100.875.900
Monetary assets in foreign currency	49.061.499	35.448.019
	409.648.901	136.323.919
Liabilities (total liabilities, as per balance sheet)		
Monetary liabilities in lei	685.651.776	895.039.415
Monetary liabilities in foreign currency	220.239.245	443.306.809
	905.891.021	1.338.346.224
Net monetary position in lei	(325.064.374)	(794.163.515)
Net monetary position in foreign currency	(171.177.746)	(407.858.790)

The risk of the interest rate

The risk of the interest rate represents the risk that the value of a financial instrument should fluctuate further to the variation of the interests rates on the market.

During 2018 the company has concluded no loan contracts with financial institutions.

The credit risk

The credit risk represents the risk that one of the participating parties at one financial instrument should not fulfill an obligation, and that will cause to the other party a financial loss.

The financial assets which submit the Company to potential concentrations of credit risks include mainly the debts in the basic activity. They are presented at the net value by the provision for uncertain debts. The credit risk related to the debts is limited, as a consequence of the financial instruments used (promissory notes, cheques, incasso, letter of credit) and of the insurance policies of the commercial debts.

The liquidity risk

The liquidity risk, also named risk of finance, represents the risk that an enterprise should have difficulties in the accumulation of funds to fulfill the commitments associated to the financial instruments. The liquidity risk may appear further to the incapacity to sell quickly an asset at a value close to the right one. The company's policy regarding the liquid assets is to keep enough assets so as to be able to pay the duties at the due dates. The debts and the assets are being analyzed depending on the remaining period until the contractual due dates, thus:

	Less than 1 year	2-5 years	Total
Non-interest bearing debts	243.583.942	662.307.079	905.718.034
Commercial debts	64.257.415	266.023.909	330.281.324
Other current debts and loans	179.326.527	396.283.170	575.609.697
Interest bearing debts	-	-	-
Cash and cash equivalents	336.176.273	-	336.176.273
Debts and other assets	73.472.628	-	73.472.628

On the confirmation date of the Reorganisation Plan by the Insolvency Administrator (April 2015), the credits have been terminated, all debts registered on 12/31/2018 being non-interest bearing.

The company monitors daily the flows of treasury and permanently updates the forecasts of receipts and payments to administrate as good as possible the liquid assets in terms of financial difficulties that it is facing.

1.1.9. Elements of perspective regarding the company's activity

(a) Presentation and analysis of all trends, elements, events or factors of uncertainty which affect or may affect the company's liquidity, compared with the same period of the previous year:

As we have presented at the beginning of the report, the functional assets have been sold during 2018. Oltchim S.A. remained in patrimony with assets in preservation (The Petrochemical Plant PVC II, The Phthalic Anhydride Plant and the Petrochemical Plant on the platform Bradu-Pitești), for which the procedures stipulated in the Reorganisation Plan shall continue. The Reorganisation Plan shall be complete in April 2019, after which, procedurally, the Company will enter the stage of bankruptcy by operation of law, in the next months. In the stage of bankruptcy the Company will carry out the activity for the accomplishment of objectives to sell fully the company's assets and close the liabilities from the table of creditors outstanding as at December 31, 2018 according to the Reorganization Plan.

(b) Presentation and analysis of the effects of the capital expenses, current or anticipated on the company's financial situation compared to the same period of the last year:

In 2018 OLTCHIM SA made investments and major repair works to provide the operation of the production installations in terms of safety and efficiency. Their value and the one of the down payments were in amount of 16,2 million lei, achieved only from own resources.

The following objectives have been mainly taken into consideration:

- 4,6 million lei for remediations and modernizations within the Membrane Electrolysis installation;
- 2,8 million lei modernization of the walkway necessary for the safe operation of the railway walkway, by which it is provided the access from the National Road 64 to the chemical platform south Rm. Vâlcea;
- 1,3 million lei modernizations within the propenoxide installation;
- 1 million lei for works to increase the installations' safety in operation, the provision of the necessary pressure of instrumental air for the adequate operation of the automation devices in installations in case of power failure (hazard-warning situation);
- 1,9 million investments in other objectives for modernizations, increases of production and storage capacity, the increase of the safety in operation, the provision of the Health and Safety at Work legislation requests;
- 4,6 million lei in machineries, equipment and other endowments related to the good operation of the installations, laboratories and other company's activities.

During 2018, there have been brought into service tangible assets in amount of 9.790 thousands lei, thus:

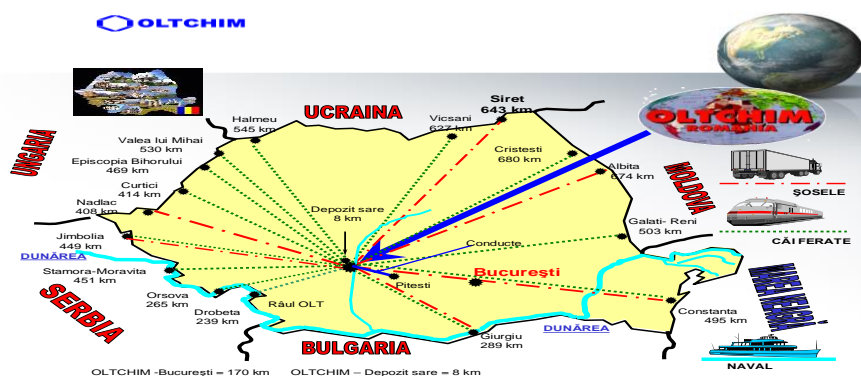
	thousands lei
- Modernization of the walkway	2.837
- Increase of capacity hydrogenation Oxo	1.553
- Purchase of independant machineries	4.640
- Other entries into service	760

(c) Presentation and analysis of the events, of the transactions, of the economical changes which significantly affect the revenues in the basic activity: see chapter V „Annual accounts”.

II. THE COMPANY'S TANGIBLE ASSETS

(2.1) Specification of location and features of the main production capacities in the company's property:

Along with the take over of the petrochemical assets from Arpechim, the company's technological installations have two locations, respectively: the industrial platform of the Chemical Plant in Rm. Valcea and the industrial platform Bradu-Pitești.



The premises of choosing the location of the plant OLTCHIM S.A. consisted of the presence in the area of a multitude of natural resources: salt, limestone, charcoal, the source of water OLT.

At December 31, 2018 the Company reclassified the fixed assets remaining after the sale to Chimcomplex Borzesti and Dynamic Selling Group as Assets held for sale, given that these will not be used in production activity.

The company's assets (land, buildings, constructions, technological equipment, investments in progress, non-tangible assets) have been reassessed on December 31st, 2018 by an independent specialized company – Romcontrol SA, member of ANEVAR.

(2.2) Description and analysis of the wear and tear of the company's properties:

A percentage of 62% of the value of installations operating within the company are new and have been put into service during 2002-2018.

Shut downs and complete overhauls are periodically being performed for all installations so that they have good conditions of safety operation, taking into consideration the particular danger in the chemical installations.

From the point of view of physical condition and of keeping all installations in operation, their wear and tear established according to the technical books of the equipment and machineries is appreciated at a level of about 30%.

The depreciation is calculated at cost, through the straight-line method, throughout the assets' useful life duration estimated in years, as follows:

Buildings and special constructions	10-50
Technical installations and machines	3-15
Furniture, devices, office automation, others	3-15

For the purchases made in 2018, the lifetimes are those established by the legal norms in force.

The lands do not depreciate since they are supposed to have an unlimited lifetime.

At December 31, 2018 remained outstanding the fixed assets that will be sold in bulk, per bundles.

(2.3) Specification of the possible problems related to the property right on the company's tangible assets:

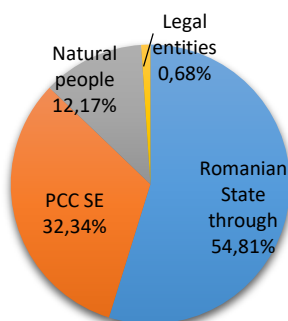
The company OLTCHIM owns a land situated in Colonia Nuci. There have been ascertained overlaps of lands, for which reason there have been formulated two actions for claim, which are subject to two files registered pending at the Court Rm.Vâlcea.

III. THE MARKET OF THE TRANSFERABLE SECURITIES ISSUED BY OLTCHIM S.A.

(3.1) Specification of the Romanian markets and from other countries where the transferable securities issued by the company are being negotiated:

Information regarding the shares issued by the company	
Symbol	OLT
ISIN	ROOLTACACNOR2
Bloomberg BBGID	BBBG000BZZDZ4
Category	Standard
LEI Code	254900KXPD2OOC2LLX56
Total number of issued shares	343.211.383
Nominal value	0,10 RON
Number of shareholders on 12/31/2018	38.922

Ownership's structure (12/31/2018)	Number of shares	%
Romanian State through the Ministry of Economy	188.100.976	54,8062
PCC SE	111.005.766	32,3433
Natural people	41.757.738	12,1668
Legal entities	2.346.903	0,6838

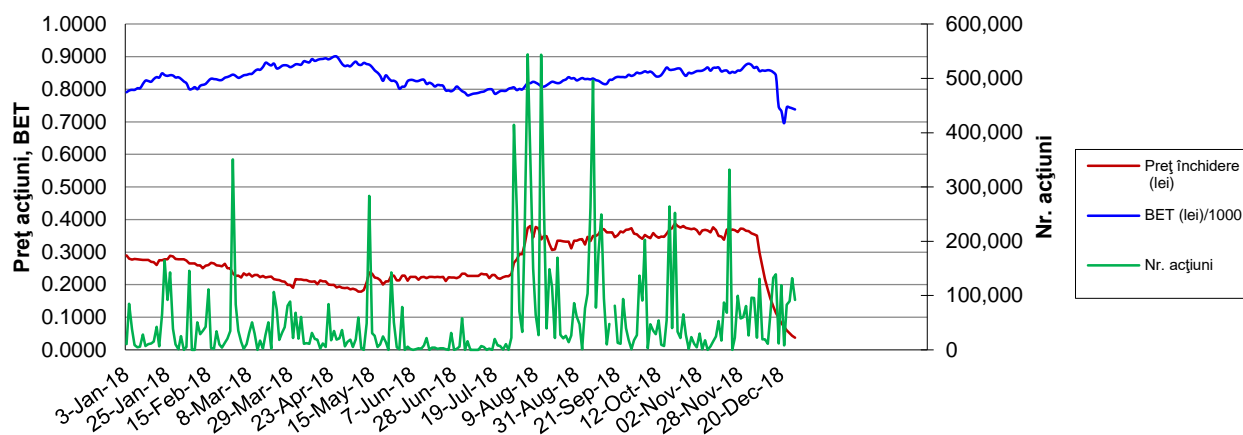


The transaction of the shares issued by Oltchim S.A is made within the Stock Exchange Bucharest based on the Decision for registration to the quota no. 21/11/26/1996, starting on 02/18/1997, standard category, stock exchange symbol OLT.

The transactions with the company's shares during 01/03/2018-12/31/2018 are presented as follows:

Number of transacted shares	13.436.762
The value of transactions-lei	3.940.742
The number of transactions	3.950
Maximum price (07.08)	0,4240
Minimum price (31.012)	0,0368
Reference price at the beginning of the year	0,2900
Closing price on 12/31/2018	0,0368
The variation of the reference price compared to the beginning of the year	-87,31
Market capitalisation (thousand lei)	12.630
Market capitalisation (thousand euros)	2.708

The graphic evolution of the closing price, of the number of transacted shares compared to the evolution of the market's reference stock-index (BET) is as follows:



(3.2) Description of the company's policy regarding the dividends Specification of the due/paid/accumulated dividends in the last three years and, if needed, of the reasons for the possible decrease of the dividends during the last three years:

During 2015-2017 dividends have not been granted to the shareholders although the company registered profit. It has been distributed for the partial coverage of the accounting losses in the previous years.

(3.3) Description of the company's activities for purchasing its own shares:

The company has not approved a repurchase plan of its own shares. The company owns a number of 6.180 own shares, with the nominal value of 0,1 lei each, representing 0,0018% of the share capital, as a result of the settlement of the share capital within the process of mass privatization.

(3.4) In case the company has subsidiaries, specification of the shares' number and nominal value issued by the mother company and owned by subsidiaries:

Non applicable.

(3.5) In case the company issued bonds and/or other debt securities, presentation of the way in which the company pays its duties to the holders of such transferable securities:

Non applicable.

IV. CORPORATE GOVERNANCE

The company adhered to the Code of Corporate Governance (CCG) issued by the Stock Exchange Bucharest, starting with the financial year 2010. The details regarding the company's compliance to the principles and the recommendations stipulated in CCG have been presented in the Declaration „Apply or Explain”, appendix within the annual reports. These declarations are available on the company's website at the section dedicated to the relation with the investors, chapter The Corporate Governance.

In September 2015, The Stock Exchange Bucharest replaced the CCG with a new Code, which can also be consulted on the company's website at the section dedicated to the relation with the investors, chapter The Corporate Governance-Reference documents. Most aspects of corporate governance stipulated by this Code are not applicable to a company in insolvency proceedings.

Oltchim S.A. does not conform with the provisions of the sections **A. Responsibilities**, **B. System of risk management and internal audit** and **C. The fair reward and motivation** since the company is subject to the procedural terms and restrictions stipulated by the law of insolvency, including the judicial supervision of the procedure, exercised by the bankruptcy judge and the management's control of opportunity, exercised by the creditors.

Regarding the compliance with the provisions of the section **D.Adding value through the relations with investors** on its own website, at Relation with the investors , the interested parties may find useful information about the company both in Romanian and English, as follows:

- shares, price of shares, ownership structure
- the calendar of financial communication
- the corporate governance: the company's management, the declaration Apply or Explain, the reference documents, the transactions with the initiated people
- current reporting
- financial information: annual preliminary, quarterly basis, half-yearly basis, annual
- General Assemblies of the Shareholders
- contact relation with the investors

The stage of the company's compliance, on December 31st, 2018, with each of the provisions of the Code, as well as the motivation of the non-compliance is presented in the Appendices **paragraph e).**

THE COMPANY'S MANAGEMENT

(4.1.) Presentation of the list with the company's administrators:

Until the date of starting the insolvency proceedings, Oltchim S.A. was administrated by a Board of Directors made of 5 members chosen by the General Ordinary Assembly of the Shareholders, their mandate being for 4 years. The mandate of the statutory administrators ceased on the day in which the special administrator was appointed and authorized by the General Assembly of the Shareholders to make administration papers of Oltchim SA under the supervision of the insolvency administrator.

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

According to the Sentence no. 617 of January 30, 2013 pronounced by the Law Court Valcea – IInd Civil Section, in the file no. 887/90/2013, it has been appointed insolvency administrator on a provisional basis the Consortium made of ROMINSOLV SPRL Bucharest and BDO BUSINESS RESTRUCTURING SPRL Bucharest. By the Conclusion of the Law Court Vâlcea of 05/13/2013, this Consortium has been confirmed as insolvency administrator.

During 01/01/2018-12/07/2018 the direct operational management of the company belonged to the special administrator with attributions of managing director and to the deputy managing director. Starting on the transfer date of the property right on the sold assets, it has been established a new organizational structure with two divisions whose management is provided by the special administrator, who has in his subordination a staff of advisors.

The duties of the Special Administrator in the field of internal audit and risk management are being fulfilled in cooperation with the internal auditor. After performing every audit, the internal auditor draws up an Audit report. He observes the International Standards of Internal Audit both concerning the reporting and also in making recommendations to the company's management. Moreover, the main role of the internal audit is to give an independent and objective insurance to the company's management that the system of internal audits that he had implemented covers in reasonable limits the risks associated to the different structures, activities, programs, projects, operations.

The internal auditor reports to the Special Administrator about the executed missions, as well as about the observance of the approved Audit Plan.

The summary of the internal audit missions performed in 2018 refers to the establishment mode of the salaries according to the collective labour contract.

Further to the inspections made as a result of the internal audit mission performed in 2018, the audit team ascertained that:

- there are internal regulations and formalised procedures which describe the establishment mode and the calculation of the gross salaries in the company;
- The Collective Labour Contract comprises "The payroll regulation" of the company for 2017;
- the basic average salaries are established based on the payroll scale which comprises the minimum salary and the average salary on categories of personnel.

- a) **The special administrator's resume which includes his positions in other Boards of Directors in companies or non-profit institutions is presented on the company's website [www.oltchim.ro/sectiunea Relatia cu investitorii/Guvernanta corporativă/Conducerea societății](http://www.oltchim.ro/sectiunea_Relatia_cu_investitorii/Guvernanta_corporativă/Conducerea_societății).**
- b) **Any agreement, deal or family relation between the respective administrator and another person thanks to which that person was appointed administrator**

Non applicable.

- c) **Participation of the administrators depending on the company's capital, on 12/31/2018:**

Non applicable.

- d) **List of people affiliated to the company:**

See the chapter APPENDICES, paragraph d).

(4.2.) Presentation of the list with the members of the trade company's executive management

During 01/01/2018-12/07/2018 the executive management was composed of:

Avram Dănuț Victor	Deputy Managing Director
Andrei Nicu-Laurențiu	Director Production Directorate
Spiru-Ciobescu Armand	Director Commercial Directorate
Necșulescu Vasile-Sorinel	Director Maintenance Energy Directorate
Smeu Alin Ion	Director Economic Directorate
Munteanu Dana Maria	Director Human Resources Directorate

The short resume of each member of the present executive management is presented on the company's website [www.oltchim.ro/sectiunea Relatia cu investitorii/Guvernanta corporativă/Conducerea societății](http://www.oltchim.ro/sectiunea_Relatia_cu_investitorii/Guvernanta_corporativă/Conducerea_societății).

- a) **the term for which the person is part of the executive management:**

Starting with the date of transfer of the property right on the sold assets, the management is provided by the special administrator, who has in his subordination a staff of advisors.

- b) **any agreement, deal or family relation between the respective administrator and another person thanks to which that person was appointed member of the executive management:**

We do not have any knowledge of cases of agreements, deals or family relations between the people in the executive management and other people thanks to whom they have been appointed in the positions of executive management.

- c) **participation of the executive management's members at the company's capital on 12/31/2018:**

Last name, first name	Number of owned shares	% of participation at the share capital
Smeu Ion-Alin	1.433	0,0004

(4.3.) For all people presented at 4.1. and 4.2. the specification of the possible litigations or administrative procedures in which they have been involved, in the last 5 years, regarding their activity within the issuer, as well as those regarding the capacity of that person to carry out his duties within the issuer.

Non applicable.

V. ANNUAL ACCOUNTS

The drawing up of the annual accounts has been made according to the provisions of the Order of the Minister of Public Finances no. 2844/12/12/2016 for the approval of the accounting regulations in compliance with the International Standards of Financial Reporting and with the OMPF no. 470/01/11/2018 regarding the main aspects related to the drawing up and the submission of the annual accounts.

The financial statements have been drawn up based on the principle of the activity's continuity according to the Reorganization Plan, confirmed by Bankruptcy Judge by the Sentence no. 892/22.04.2015 pronounced by Law Court Valcea, and not on the base of continuity of production activity and normal operation of the plants.

The audit on the company's accounts drawn up as of 12/31/2018 is performed by the company Deloitte Audit S.R.L.

SITUATION OF THE FINANCIAL POSITION

thousand lei

	12/31/2018	12/31/2017
ASSETS		
Long term assets		
Tangible assets	-	850.898
Real estate investments	-	3.584
Non-tangible assets	-	1.329
Financial assets	44	20
Total long term assets	44	855.831
Current assets		
Assets held for sale	270.848	-
Stocks	22.209	72.909
Trade receivables	51.090	59.398
Tax to collect	14.591	6.864
Other assets	7.792	10.602
Cash and cash equivalent	336.176	59.460
Total current assets	702.706	209.233
TOTAL ASSETS	702.750	1.065.063
OWN FUNDS AND DEBTS		
Capital and reserves		
Share capital	1.018.300	1.018.300
Reserves	84.996	336.802
Reported result	(1.306.437)	(1.628.384)
Total capital	(203.141)	(273.283)
Long term debts		
Loans	335.500	615.690
Revenues in advance	-	3.437
Debts regarding the deferred tax	11.226	51.515
Provisions	30.592	24.575
Other long term debts	11.612	21.316
Commercial debts	266.024	367.098
Debts regarding the taxes and the duties	7.353	29.396
Total long term debts	662.307	1.113.027
Current debts		

	12/31/2018	12/31/2017
Commercial debts	64.258	122.378
Debts regarding the taxes and the duties	136.809	55.203
Other debts	42.517	47.738
Total current debts	243.584	225.319
Total debts	905.891	1.338.346
Total own funds and debts	702.750	1.065.063

ASSETS HELD FOR SALE

On December 31, 2018, the Company reclassified fixed assets remaining after sale to Chimcomplex Borzești and Dynamic Selling Group in the category of assets held for sale, since they will no longer be used in production.

The Company owns the following assets categories:

Name	thousand lei	
	Year 2018	
Land and buildings	165.833	
Installations	104.636	
Other fixed assets	200	
Investment in progress	179	
TOTAL	270.848	

CIRCULATING ASSETS

Comparing the value of the circulating assets at the end of 2018 with the one at the end of 2017 it ascertains an increase by 222.625 thousand lei, of which:

Breakdown	thousand lei	
	Year 2018	
Diminution of stocks	-50.700	
Diminution of clients to collect	-8.308	
Increase of cash and cash equivalent	+276.716	
Increase other debts	+4.917	

Clients' structure	thousand lei	
	12/31/2018	12/31/2017
Internal clients	32.143	31.769
External clients	19.706	28.162
Uncertain internal clients	29.664	33.313
Uncertain external clients	24.818	25.680
TOTAL	106.331	118.924

The balance of the uncertain clients is made of the equivalent value of the deliveries before 2013. There are no cases of uncertain clients further to the deliveries of finished products during the years 2013-2018. The sale of Oltchim products, with payment on due date, is made only by the clients with a good financial situation with whom the company had a long collaboration and is guaranteed either with payment instruments (CHEQUE, promissory notes, letters of credit etc.), either covered by the insurance policy of the default risk.

The amount of 33.773 thousand lei from the balance of the internal and external clients on 12/31/2018 can also be found in the current debts of Oltchim, for which clearings are being operated.

TOTAL DEBTS

thousand lei

Breakdown of the total debts	12/31/2018	12/31/2017
TOTAL, of which:	905.891	1.338.346
Suppliers	314.965	474.129
Loans	161.677	374.383
Debt against AAAS	173.823	241.307
Debts regarding taxes and duties	144.162	84.599
Deferred corporate tax	11.226	51.515
Interests related to the loans	23.102	23.087
Salaries paid by AJOFM Vâlcea from the Guarantee fund for the payment of salary debts	16.603	16.603
Provisions for compensatory payments	28.809	0
Provisions for the benefits granted to the employees	1.223	8.326
Provisions for environmental obligations	0	15.399
Clients cashed in advance	15.317	15.347
Other debts	14.984	41.977

On 12/31/2018 Oltchim registers total debts in amount of 906 million lei, of which:

- 619 million lei debts registered in compliance with the Reorganisation plan;
- 172 million lei net debts accumulated after the entrance into insolvency, of which 27 million lei exceeded maturity originating from the first part of the insolvency period;
- 47 million lei mutual debts and claims and debts to the state budget, which shall be compensated with VAT to be collected;
- 68 million lei other debts, mainly provision related to the compensatory payments for the dismissed personnel and the deferred corporate tax, this duty not being chargeable.

thousand lei

Breakdown of the short term debts	12/31/2018	12/31/2017
TOTAL, of which:	243.584	225.319
Suppliers	59.446	117.537
Debts regarding taxes and duties	12.857	55.204
Payable VAT	84.090	0
Income tax determined by the sale of assets	39.862	0
Interests related to the loans	23.102	23.087
Salaries paid by AJOFM Vâlcea from the Guarantee fund for the payment of salary debts	16.603	16.603
Clients cashed in advance	4.811	4.841
Compensatory net salaries related to the dismissed personnel	0	3.717
Debts regarding the salaries	1.476	3.431
Settlement from joint operations	0	0
Other creditors	1.337	899

thousand lei

Breakdown of the long term debts	12/31/2018	12/31/2017
TOTAL, of wich:	662.307	1.113.027
Loans	161.677	374.383
Debt against AAAS	173.823	241.307
Suppliers	255.518	356.592
Deferred corporate tax	11.226	51.515
Debts regarding taxes and duties	7.353	29.396
Provisions for environmental obligations	0	15.399
Clients cashed in advance	10.506	10.506
Provisions for compensatory payments	28.809	0
Provisions for the employees' benefits	1.223	8.326
Debts regarding the salaries	0	4.825
Revenues in advance	0	3.437
Other creditors	12.171	17.341

The decrease of suppliers' debts from the table of creditors in 2018 was determined by the payments made to the creditors from the amount collected from the sale of fixed assets.

Provisions for compensatory payments are computed according to the provision of the Colective Labour Contract of the Comany and include all related taxes.

Reversal of the provision for environmental obligations is due to the fact that the obligation to close the waste storage pits has been taken by Chimcomplex SA along with the aquisition of the assets.

Payable VAT at the end of 2018 was determined by assets sale. The amount has been fully paid in January 2019.

Oltchim SA pays the taxes and the duties related to the salaries by clearing with negative VAT (VAT to be recovered registered by the company on 12/31/2018 in amount of 13.673.787 lei).

OWN FUNDS

According to the accounts drawn up on December 31st, 2018, the value of the own capital is **202.968 thousand lei**, composed of:

thousand lei

Breakdown	12/31/2018	12/31/2017
Share capital	34.321	34.321
Adjustment of share capital	983.979	983.979
Reserves from reassessment	70.163	321.969
Legal reserves	14.833	14.833
Loss from the previous years	(1.334.853)	(1.676.117)
Result of the period	28.416	47.732

PROFIT AND LOSS ACCOUNT

	thousand lei	
Breakdown	12/31/2018	12/31/2017
Net sales	1.141.920	961.504
Revenues from investments	6.247	8.930
Other profits or (losses)	47.708	890
Stock variation	(26.364)	12.508
Expenses with raw materials and consumables	(584.608)	(471.117)
Expenses with energy and water	(197.435)	(198.385)
Expenses with the depreciation of the assets	(86.338)	(92.177)
Profit / (Loss) from adjustments for the depreciation of assets	47.086	41.103
Salary expenses	(114.480)	(113.897)
Net cost of the financing	(173)	(175)
Revenues from grants	3.437	833
Other expenses	(147.804)	(82.452)
Profit before taxation	89.197	67.565
Corporate tax	(60.730)	(19.782)
Tax specific to some activities	(51)	(51)
Net profit	28.416	47.732
Other elements of the global result (reserves from reassessment)	1.553	42.334
Profit per share	0,0828	0,1391
Number of shares	343.211.383	343.211.383

TURNOVER

The turnover achieved in 2018 is **1.141.920 thousand lei**, equivalent of **245.388 thousand euros**.

The value of the export is **186.209 thousand euros**, respectively 76% of the turnover.

Compared to the previous year, the turnover presents the following structure:

	thousand lei	
Turnover breakdown	12/31/2018	12/31/2017
Polyols-polyethers	601.845	585.955
Chlor-alkali	263.818	202.089
Oxo-alcohols	171.156	144.784
Goods	88.369	21.044
Petrochemical Directorate Pitești	0	167
Building materials	114	8
Miscellaneous	16.619	7.459
TOTAL	1.141.920	961.504

The basic activities, polyols-polyethers and chlor-alkali, represents also in 2018 about 75% of the turnover, similar to the previous year.

A total increase of the sales may be noticed in average about 19% compared to 2017, at all categories of main products, such as: 3% at polyols-polyethers, 30% at chlor-alkali products and 18% at oxo products. The biggest ratio in the total increase of 180.416 thousand lei represents the chlor-alkali products, approximately 35%, respectively 61.729 thousand lei.

TOTAL REVENUES

The total revenues comprise, in addition to the total volume of sales (turnover), the following:

	thousand lei	
Breakdown	12/31/2018	12/31/2017
Profit / (Loss) from adjustment for the depreciation of assets	47.086	41.103
Revenues from the stored production (sales from stock)	-26.364	12.508
Revenues from investments	6.247	8.930
Profit / (Loss) from sale/discard of assets	58.410	-2.551
Profit / (Loss) from the variation of provisions	-21.415	732
Other revenues	14.150	3.542

The profit of 58.410 ths lei from sale of assets comes from higher selling price compared to residual value of the assets.

The loss of 21.415 ths lei from variation of provisions is determined by the provision made for payment of compensatory salaries to the personnel that will be laid off in the first part of 2019.

TOTAL EXPENSES

The expenses made in 2018 have the following structure:

	thousand lei	
Breakdown	12/31/2018	12/31/2017
Expenses with raw materials and materials	584.608	471.117
Expenses with energy and water	197.435	198.385
Salary expenses (including taxes)	114.480	113.897
Expenses with the depreciation	86.338	92.177
Other expenses regarding the services performed by third parties	54.883	17.272
Formation of an environmental fund for closing waste warehouses	23.569	0
Expenses regarding the transport and the logistics	16.607	17.415
Penalties ABA Olt-exceeding concentrations of polluters from used waters	15.779	13.426
Expenses with repairs	15.785	9.816
Expenses with other taxes and duties	5.928	5.187
Expenses from claims	4.139	198
Expenses / (Revenues) from the reassessment of assets	4.118	12.465
Expenses regarding the fines and penalties	1.463	2.866
Expenses regarding the insurance	728	476
Protocol expenses	215	428
Expenses with mail and telecommunications	178	189
Other expenses	4.583	2.889

According to the approved Reorganization Plan, the sale of assets generated additional costs and this is the reason why the expenses with services performed by third parties increased in 2018.

As per the selling contract concluded with Chimcomplex, within five days from receipt of the price of assets, the amount of 23.569 thousand lei was transferred to it for the closure of hazardous and non-hazardous waste storage pits. The increase of repairs costs in 2018 compared to 2017 is determined by the annual overhaul made in 2018, more complex than in previous year.

SITUATION OF THE TREASURY FLOWS

	thousand lei	
	12/31/2018	12/31/2017
Treasury flows from operation:		
Net Profit/ (Loss) of the year	28.416	47.732
Expenses with the depreciation of assets	86.338	92.177
Expenses / (Revenues) from sale/discard of assets	(58.410)	2.551
Expenses / (Revenues) regarding adjustments depreciation circulating assets	3.665	(1.607)
Depreciation of grants	(3.437)	(833)
Expenses / (Revenues) regarding the interests	(1.472)	(110)
Expenses / (Revenues) from the reassessment of tangible and non-tangible assets	4.118	12.467
Depreciation / (Reversal of depreciation) tangible and non-tangible assets	(47.086)	(41.103)
Depreciation / (Reversal of depreciation) financial assets		134
Formation / (Reversal) of provisions	21.415	(732)
Expenses with the corporate tax	60.730	19.782
Operational Profit / (Loss) before changes in the circulating capital	94.277	130.458
(Increase) / Diminution of stocks	46.921	(18.999)
(Increase) / Diminution of claims	3.438	(262.971)
Increase / (Diminution) of debts	(455.526)	192.777
Changes of the circulating capital	(405.167)	(89.193)
Treasury flows from the operational activity	(310.890)	41.265
Paid interests	-	-
Cash flow from operation	(310.890)	41.265
Cash flow used in investments:		
Cashed interests	1.472	110
Purchases of tangible and non-tangible assets	(16.132)	(11.599)
Investments in jointly controlled entities	(24)	-
Receipts from the sale of assets	602.290	2.105
Cash flow used in investments	587.606	(9.384)
Cash flow generated from the financing activity:		
Variation of loans on short term	-	-
Variation of loans on long term	-	-
Leasing payments	-	-
Cash flow from the financing activity	-	-
Cash at the beginning of the year	59.460	27.579
Increase / (Decrease)of cash and of cash equivalent	276.716	31.881
Cash at the end of period	336.176	59.460

From the analysis of the treasury flows it results that the company's activity generated in 2018 a positive total cash flow, in amount of 276.716 thousand lei.

On December 17, 2018, further to the investigation started in April 2016 by the European Commission, to establish whether some measures taken by Romania to support the company Oltchim were observing the EU norms regarding the State aids, it concluded that the public financing granted by Romania to the company Oltchim, of approximately 335 million EUR plus interests, is incompatible with the EU norms regarding the State aids and must be recovered by Romania from Oltchim SA. This decision communicated on the website of the European Commission shall be contested by Oltchim SA. The company hired a law firm, White & Case, for challenging the decision which believes that chances of success are relatively high for Oltchim.

Oltchim SA is a company in receivership, and this decision does not clarify how any amount can be recovered (if it is to be recovered). In addition, Oltchim did not benefit of any financing from tne

Romanian State. The decision refers to collaborations with companies with state capital (National Salt Company, CET Govora, National Administration of Romanian Waters) and AAAS, and actually they will make request to recover the amounts from Oltchim. At December 31, 2018, two of them have made the requests but have not provided calculations of these amounts.

As a conclusion, this decision is not clear and does not establish:

- what is the exact level of debts and the Company cannot estimate;
- if these debts are catalogued as current debts in insolvency or are subject to the registration at the bankruptcy table, decision that will be taken by bankruptcy judge;
- Currently, the law firm employed estimated that the chances of winning are positive.

Consequently, at the date of these financial statements the Company does not consider necessary to record a provision and the financial statements at December 31, 2018 do not include any adjustments in relation to this investigation. This decision was communicated on the European Commission's website to the Romanian State and will be challenged by Oltchim SA, via a law firm employed who believes that the Company has relatively high winning chances.

FURTHER EVENTS

- **Contestation of the European Commission's decision regarding the State aid**

On February 28, 2019 The Creditors' Committee Oltchim approved the employment of the company White & Case to contest the Decision of State aid issued by the European Commission, the elaboration of the defense strategy in the litigation that is about to be judged at CJUE, representation in front of CJUE and taking of all actions necessary to ensure the maximization of this action's successful chances.

- **Reducing the number of employees**

Has been made by concluding individual labour contracts with the buyers of assets, by a number of 1356 employees and by collective redundancy during January-March 2019, by giving compensatory salaries according to the provisions of the Collective Labour Contract in force, of a number of 436 employees.

- **Change of the exchange rate**

On February 28, 2019, the exchange rate was 4,7416 lei/euro and 4,1584 lei/US dollar. This aspect represents a depreciation of the national currency by 1,64% against euro and a depreciation by 2,04% against the US dollar, compared to December 31st, 2018 (1 euro = 4,6639 lei; 1 US dollar = 4,0736 lei).

- **Receipts and payments of claims and debts**

Until February 28, 2019, the company cashed the amount of 3.153.501 euros and 21.075.803 lei, corresponding to the commercial claims remained in balance on December 31st, 2018 and paid commercial debts in amount of 113.128 euros and 54.887.876 lei of the invoices existing in balance on December 31st, 2018.

APPENDICES TO THE SPECIAL ADMINISTRATOR'S REPORT

- The Articles of Incorporation has not been modified/updated during 2018.***
- The resignation/dismissal papers, if existed such situations among the members of the administration, of the executive management, of the censors***

Non applicable.

c) **Litigations**

On the date of the financial situations, the Company, through its own Legal Office, has in progress files of which object is the action in court of the internal defaulted clients, thus:

- files opened before the company's entrance into insolvency for goods deliveries, for the non-observance of the contractual terms, in amount of:

- a) 22.656.118 lei representing the equivalent value of the delivered and unpaid products
- b) 7.528.924 lei penalties for late payment

- files opened in insolvency in amount of:

- a) 6.798.947 lei representing the equivalent value of the delivered and unpaid products
- b) 66.963 lei penalties for late payment.

Also from the litigations with external clients before the company's entrance into insolvency it had to recover the total amount of 1.046.217 US dollars and 4.400.965 euros representing the equivalent value of the sold merchandise.

For the defaulted clients, the company registered adjustments on the balance sheet's date in compliance with the policy approved by the company.

As of the financial situations, the company is involved in more litigations with former employees as defendant, litigations pending on the trial courts, for which it cannot be estimated the Company's possible payment obligations which may arise from the unfavourable pronouncement of the trial courts. The company had pending trials with the employees. Some files have been suspended. Within these files, the suspension arises from the moment in which the insolvency proceedings have been opened at Oltchim.

When suspending the judgement of the cause, the limitation period is also suspended, therefore the causes may also be judged after the reach of the limitation period of 3 years, but depending on the legal situation of the company after the conclusion of the insolvency proceedings.

At the bankruptcy mass there have been accepted amounts requested in the trial court by employees of the Petrochemical Directorate Bradu, so that the lawsuits filed by them, which had bigger values, remained without object.

d) **List of companies to which Oltchim S.A. owns shares on 12/31/2018:**

Name of company to which Oltchim owns shares	Share capital -lei-	% of the share capital owned by Oltchim
Oltquino S.A. Rm. Vâlcea	2.034.860	46,64%
Sistemplast S.A. Rm. Vâlcea	2.347.805	94,4%
Oltchim GmbH Germania*	102.258 Euro	100%
Protectchim S.R.L. Rm. Vâlcea**	300.000	30%
Euro Urethane S.R.L. Rm. Vâlcea	5.610.986	41,28%
Mentchim S.A. Rm. Vâlcea***	1.500.000	25%
Foundation Oltchim	200	100%

**is declared in insolvency according to the Sentence no.810IN122/130 of 02/19/2013 pronounced by the Law Court in Frankfurt*

***is in insolvency according to the Sentence no.353/03/08/2017 pronounced by the Law Court Vâlcea in the file no.2263/90/2016*

****is declared in bankruptcy according to the Sentence no. 746/06.02.2014 pronounced by the Law Court Vâlcea in the file 5706/90/2011*

- e) ***Stage of the company's compliance to the new provisions of the Corporate Governance Code of BVB on December 31st, 2018.***

Stănescu Bogdan
Special Administrator

Stănciugel Nicolae
Chief Accountant

Provisions of the Code	Comply	Non-comply or partially comply	The reason of non-compliance/Others specifications
<p>A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.</p>		x	<p><i>Company is not complying with the majority of corporate governance provisions stipulated in sections A, B and C of the Code, the company being under the terms and procedural restrictions stipulated by the insolvency law, including the judicial supervision of the insolvency proceedings, exercised by the syndic judge and company management control of opportunity, exercised by the creditors.</i></p>
<p>A.2. Provisions for managing conflicts of interest should be included in the Board Regulation. In any event, Board members must notify the Board of any conflicts of interest that have arisen or may occur and refrain from attending the discussion (including through non-attendance, unless the failure to attend would hamper the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest concerned..</p>		x	<p>Starting with the date of commencement of the insolvency proceedings (30.01.2013), the activity of the company is carried out according to the procedures regulated by the provisions of Law no.85 / 2006 on insolvency procedure.</p>
<p>A.3. The Board of Directors or the Supervisory Board must be composed of at least five members.</p>		x	<p>Company's management is provided by the consortium of legal administrators formed by ROMINSOLV SPRL București and BDO BUSINESS RESTRUCTURING SPRL București as decided by the syndic judge through Sentence no 617 of January 30, 2013 .</p>
<p>A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of The Board of Directors or the Supervisory Board should be independent, in the case of Standard Tier companies. No less than two non executive members of The Board of Directors or the Supervisory Board should be independent, in the case of Premium Tier Companies. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his/her nomination for election or re-election, as well as when any change of his/her status occurs, indicating the elements on the basis of which he/her is considered is independent in terms of his/her character and judgment and according to the criteria set forth in the Code at A.4.1-A.4.9.</p>		x	<p>The mandate of the members of the Board of Directors ceased on the date of appointment of the Special Administrator (14.03.2013), who is empowered by the General Meeting of Shareholders to perform management acts of Oltchim SA under the supervision of the Consortium of Judicial Administrators. The Special Administrator shall also perform the duties of the General Manager.</p>
<p>A.5. Board member's other relatively permanent professional commitments and engagements including executive and non-executive Board positions in the companies and non-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>		x	<p>The company is in the stage of judicial reorganization.</p>
<p>A.6. Any member of the Board should submit to the Board information on any relationship with a shareholder who holds directly and indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.</p>		x	

Provisions of the Code	Comply	Non-comply or partially comply	The reason of non-compliance/Others specifications
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.		x	
A.8. The Corporate Governance Statement will inform whether a Board assessment has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Board's assessment including the purpose, criteria and frequency of the evaluation process.		x	
A.9. The corporate governance statement should contain information on the number of Board and committees meetings over the past year, the attendance of administrators (in person and in absentia) and a report by the Council and committees on their activities.		x	
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive administrator. The majority of members, including the chairman should have proven that they have adequate qualification relevant to the function and responsibilities of the committee. At least one member of the audit committee should have adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the the audit committee should be independent.		x	
B.2. The audit committee should be chaired by an independent non-executiv member.		x	
B.3. Among its responsibilities, the audit committee should conduct an annual assessment of the system of internal control.		x	
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control report to the audit committee of the Board, management's responsiveness and effectiveness in dealing with indentified internal control failings or weaknesses and their submission of relevant reports to the Board.		x	
B.5. The Audit Committee should assess conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.		x	
B.6. The Audit Committee should assess the effectiveness of the internal control system and risk management system.		x	
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		x	
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they should be followed by regular reports (at least annually) or ad hoc reports to be submitted subsequently to the Board.		x	

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Provisions of the Code	Comply	Non-comply or partially comply	The reason of non-compliance/Others specifications
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	x		
B.10. The Council must adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Council following a mandatory opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.		x	
B.11. Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	x		
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Board through the audit committee. For administrative purposes and within the management's responsibility to monitor and reduce risks, it must report directly to the General Manager.	x		The internal audit office is subordinated functionally to the special administrator and operationally to the Deputy General Manager.
C.1. The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. Any major change in remuneration policy should be published in a timely manner on the company's website.		x	Being in insolvency proceeding the company has not a remuneration policy implemented. The special administrator remuneration was set up by the General Meeting of the Shareholders and is not borne by the company's sources and the judicial administrators fees were set up by Decision of the General Meeting of Creditors.
D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person (s) or organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:		partially	The business restructuring measures provided by the Reorganization Plan have included also the optimization of personnel structures. Pursuant to the new organization chart the persons within the Investors/shareholders office have been integrated within Legal Department. The Investors Relation is provided by the Consortium of Judicial Administrators.
D.1.1. The main corporate regulations: the articles of association, the procedures for the general meetings of shareholders;	x		
D.1.2. Professional CVs of members of the company's governing bodies, other professional engagements of Board members including executive and non-executive positions in boards of directors in companies or non-profit institutions;	x		

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Provisions of the Code	Comply	Non-comply or partially comply	The reason of non-compliance/Others specifications
D.1.3. Current reports and periodic reports (quarterly, semester and annual) - at least those under D.8 - including current reports with detailed information on non-compliance with this Code;	x		
D.1.4. Information on general shareholders' meetings: agenda and informative materials; the procedure for electing the members of the Council; the arguments that support candidates' proposals for election to the Board, together with their professional CVs; shareholders' questions about the items on the agenda and the company's replies, including the resolutions adopted;	x		
D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the gaining or limitation of a shareholder's rights, including the deadlines and the principles applied to such operations. Such information will be published within a timeframe that will allow investors to make investment decisions;		x	There were no corporate events.
D.1.6. Name and contact details of a person who will be able to provide relevant information upon request.	x		
D.1.7. Company presentations (e.g., presentations for investors, quarterly results, etc.), financial statements (quarterly, semestrial, annual), audit reports, and annual reports.	x		The company held meetings direct meetings with the investors interested so that during 2018, the sale contracts of the operational assets were concluded.
D.2. The company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of direction the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.		x	Not applicable, given the legal provisions of Ordinance no.64/2001 regarding the profit distribution by purpose, respectively to cover losses from previous periods.
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (the so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from forecasts originally presented. The forecasting policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.	x		Being in reorganization stage, the main instrument by means of which the company operates until the closure of the procedure is the Reorganization Plan.

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Provisions of the Code	Comply	Non-comply or partially comply	The reason of non-compliance/Others specifications
D.4. The rules of general shareholders' meetings must not limit the attendance of shareholders to general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders meeting.	x		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	x		
D.6. The Board should present to the annual general meeting of shareholders a brief assesment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution of the general meeting.		x	Not applicable in insolvency proceedings
D.7. Any professional, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	x		
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sale, operating profit, net profit and other relevant financial indicators, both on quarter-on- quarter and year-on-year terms.	x		
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		partially	It was considered that the transmitted information, as well as the current and periodical reports, allow both shareholders and investors to make substantiated decisions. The company has held meetings directly with investors interested in taking over Oltchim's assets.
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers that their impact on the innovation and competitiveness of the company is part of its business mission and development strategy, it should publish the policy regarding its activity in this area.		x	During the period of insolvency, the company mainly considers financial balancing measures and expenditure cuts.



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Cod unic de inregistrare: RO 1475261

Societate în reorganizare judiciară, in judicial reorganisation, en redressement



STATEMENT OF THE RESPONSIBLE PERSONS WITHIN COMPANY

The undersigned:

Bogdan Stanescu, Special Administrator
Stanciugel Nicolae, Chief Accountant

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

- The separate financial statements of Oltchim S.A., *societate în reorganizare judiciară, in judicial reorganisation, en redressement*, prepared in accordance with International Financial Reporting Standards(IFRS), in compliance with the Minister of Public Finance Order no.1286/2012, as well as the consolidate financial statements prepared in accordance with International Financial Reporting Standards(IFRS), concluded on December 31, 2018, show a true and fair view of the assets, liabilities, financial position, profit and loss account of Oltchim S.A. Rm. Vâlcea and of the companies included in the consolidation process of the financial statements;
- The Special Administrator Report on company's activity in the year 2018, prepared in accordance with provisions of Annex no.15 of FSA Regulation no.5/2018, regarding separate financial statements and company's business Report in the year 2018, regarding the consolidate financial statements contain an accurate analysis of the development and performances of Oltchim S.A. and of the companies included in the consolidation process of the financial statements, as well as a description of the main risks and uncertainties specific to the activity carried out.

Bogdan Stanescu
Special Administrator

Stanciugel Nicolae
Chief Accountant