OLTCHIM S.A.
Company in judicial reorganisation

CONSOLIDATED FINANCIAL STATEMENTS

ON AND FOR THE YEAR CONCLUDED ON LA 31 DECEMBRIE 2018

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION (“IFRS”)

(TOGETHER WITH THE INDEPENDENT AUDITOR’S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

2. The financial statements as at December 31, 2018 are identified as follows:

• Revenues	RON 1,142,035,072
• Negative Net assets / Equity	RON (203,351,604)
1. Net profit for the financial year	RON 28,371,378

3. In our opinion the Group consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated 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 consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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
a) Revenue recognition Since the Group 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. The accounting policies on Revenue Recognition are presented in Note 2.26 to the financial statements.	Our audit procedures performed to address the risk of inappropriate revenue recognition, which was considered a significant audit risk, included: • 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 40 "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 40 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 consolidated 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 consolidated 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 with International Financial Reporting Standards as adopted by EU.

   On the sole basis of the procedures performed within the audit of the consolidated 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 Group 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 Consolidated Financial Statements

9. Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

11. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Group 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 Group 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

(all amounts expressed in thousands of LEI, unless otherwise specified)

	Note	31st of December 2018	31st of December 2017
ASSETS			
Long term assets			
Tangible assets	**16A**	-	850.998
Real estate investments	**16B**	-	3.585
Intangible assets	**17**	-	1.330
Investments in associated entities	**18**	24	-
Total long term assets		**24**	**855.913**
Current assets			
Assets held for sale	**16A, 16B, 17**	271.077	-
Stocks	**19**	22.335	73.117
Commercial receivables	**20**	51.814	59.862
Taxes to be recovered	**21**	14.591	6.872
Other assets	**22**	7.933	10.790
Cash and cash equivalents	**23**	336.830	59.544
Total current assets		**704.580**	**210.185**
Total assets		**704.604**	**1.066.098**
EQUITY AND DEBTS			
Equity attributable to the owners of the parent-company			
Share capital	**24**	1.018.300	1.018.300
Reserves	**25**	86.236	338.041
Current and reported loss	**26**	(1.307.886)	(1.629.792)
Total equity attributable to the owners of the parent-company		**(203.350)**	**(273.451)**
Non-controllable interests		**(11)**	**(9)**
Total equity		**(203.361)**	**(273.460)**
Long-term debts			
Loans	**27**	335.500	615.690
Liabilities on long-term leasing		24	32
Income in advance - long term	**28**	-	3.437
Deferred tax liabilities	**29**	11.226	51.515
Provisions	**30**	30.758	24.575
Other long-term debts	**30**	11.612	21.316
Commercial debt	**31**	266.024	367.098
Taxes and duties to pay	**32**	7.353	29.396
Total long-term debt		**662.497**	**1.113.059**

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

(all amounts expressed in thousands of LEI, unless otherwise specified)

	Note	31st of December 2018	31st of December 2017
Current debts			
Commercial debts	**31**	64.587	122.407
Taxes and duties debts	**32**	137.343	56.085
Income in advance - short term	**28**	790	-
The current portion of the leasing contracts		7	7
Other debts	**33**	42.741	48.000
Total current liabilities		**245.468**	**226.499**
Total debts		**907.965**	**1.339.558**
Total equity and debts		**704.604**	**1.066.098**

The consolidated financial statements presented were approved by management on 22th of March 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

(all amounts expressed in thousands of LEI, unless otherwise specified)

	Notes	Year concluded on 31st of December 2018	Year concluded on 31st of December 2017
Net sales	**5**	1.142.035	961.588
Investment income	**6**	6.247	8.930
Other gains or losses	**7**	52.986	3.854
Stock variation		(26.364)	12.470
Expenditures on raw materials and consumables	**8**	(586.770)	(472.456)
Expenditures on energy and water	**8**	(197.435)	(198.385)
Expenditures for assets depreciation	**9**	(86.395)	(92.215)
Gain/(Loss) of adjustments for the depreciation of fixed assets	**9**	47.086	41.103
Wage expenditures	**10**	(123.273)	(121.171)
Net cost of financing	**11**	(198)	(197)
Income from subsidies		3.437	833
The result of the associated companies put in equivalence	**18**	-	-
Other expenditures	**12**	(142.204)	(76.764)
Profit / (Loss) before tax		**89.152**	**67.590**
Profit tax	**13**	(60.730)	(19.782)
Tax specific to certain activities	**14**	(51)	(51)
Net profit/(Loss) of the financial year		**28.371**	**47.757**
Profit/(Loss) attributable to:			
Owners of the parent company		28.373	47.756
Non-controllable interests		(2)	1
Profit/(Loss) per share, base	**15**	**0,082714**	**0,139221**
Number of shares, millions		343	343

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Special Administrator

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Chief Accountant

(all amounts expressed in thousands of LEI, unless otherwise specified)

	31st of December 2018	31st of December 2017
Profit/(Loss) of the period	**28.371**	**47.757**
Net change in 2018 of the revaluation reserves (gross value).	1.553	42.333
Other elements of the global result	**1.553**	**42.333**
Total global result per year	**29.924**	**90.090**
Total global result attributable to:		
Owners of the parent company	29.926	90.089
Non-controllable interests	(2)	1

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Chief Accountant

(all amounts expressed in thousands of LEI, unless otherwise specified)

	Year concluded on 31st of December 2018	Year concluded on 31st of December 2017
Cash flows from operating activity:		
Net Profit / (Loss) of the Year	**28.371**	**47.757**
Adjustments for non-monetary items:		
Expenses on amortization of fixed assets	86.395	92.215
Expenditures/(Income) from the sale/decommissioning of fixed assets	(58.410)	2.551
Expenditures/(Income) on current assets depreciation adjustments	3.665	(1.607)
Amortization of subsidies	(3.437)	(833)
Interest Expenditures/(Income)	(1.472)	(110)
Impairment/(reversal of impairment) of tangible and intangible assets	(47.086)	(41.103)
Impairment/(reversal of impairment) of financial assets	-	135
Provisions creation/(reversal)	21.581	(732)
Income tax expenditures	60.730	19.782
Expenditure/(Income) from the revaluation of tangible and intangible assets	4.118	12.466
(Profit)/loss of associated companies	-	-
Operational Profit/(Loss) before changes in the working capital	**94.455**	**130.521**
Inventory (Increase)/Decrease	47.003	(19.046)
Receivables (Increase)/Decrease	3.234	(263.075)
Debts Increase/(Decrease)	(454.821)	192.951
Changes in the working capital	**(404.584)**	**(89.170)**
Cash flows from operational activity	**(310.129)**	**41.351**
Interest paid	-	-
Net cash flow from operating activities	**(310.129)**	**41.351**
Cash flow used in the investment activity:		
Interest cashed	1.472	110
Acquisitions of tangible and intangible assets	(16.316)	(11.632)
Investments in jointly controlled entities	(24)	-
Proceeds from the sale of fixed assets	602.290	2.104
Cash used in investment activity	**587.422**	**(9.418)**

(all amounts expressed in thousands of LEI, unless otherwise specified)

	Year concluded on 31st of December 2018	**Year concluded on 31st of December 2017**
Cash flow generated from financing activity:		
Short-term loans variation	-	-
Long-term loans variation	-	-
Leasing payments	(7)	(8)
Cash flow used in the financing activity	**(7)**	**(8)**
Cash on January 1st	**59.544**	**27.619**
Increase/(Decrease) of cash and cash equivalents	**277.286**	**31.925**
Cash on December 31st	**336.830**	**59.544**

The consolidated financial statements presented were approved by management on 22th of March 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

OLTCHIM S.A.
company in judicial reorganisation
FINANCIAL POSITION CONSOLIDATED STATUS
ON 31st OF DECEMBER 2018
(all amounts expressed in thousands of LEI, unless otherwise specified)

	Share capital	Reserves from revaluation	Legal reserves	Other reserves	Cumulative loss	Total	Non-controllable interests	Total share capitals
Balance on January 1st, 2017	**1.018.300**	**379.696**	**6.851**	**9.221**	**(1.788.066)**	**(373.998)**	**(10)**	**(374.008)**
Total global result for the period								
Net result of the financial year	-	-	-	-	47.756	47.756	1	47.757
Other elements of the global result								
Revaluation reserves	-	(57.727)	-	-	100.060	42.333	-	42.333
Adjustments for employee benefits provisions	-	-	-	-	442	442	-	442
Deferred income tax	-	-	-	-	9.236	9.236	-	9.236
Other items	-	-	-	-	780	780	-	780
Total other items of the global result	**-**	**(57.727)**	**-**	**-**	**110.518**	**52.791**	**-**	**52.791**
Total global result for the period	**-**	**(57.727)**	**-**	**-**	**158.274**	**100.547**	**1**	**100.548**
Balance on December 31st, 2017	**1.018.300**	**321.969**	**6.851**	**9.221**	**(1.629.792)**	**(273.451)**	**(9)**	**(273.460)**
Balance on January 1st, 2018	**1.018.300**	**321.969**	**6.851**	**9.221**	**(1.629.792)**	**(273.451)**	**(9)**	**(273.460)**
Total global result for the period								
Net result of the financial year	-	-	-	-	28.373	28.373	(2)	28.371
Other elements of the global result								
Revaluation reserves	-	(251.805)	-	-	253.361	1.556	-	1.556
Deferred income tax	-	-	-	-	40.289	40.289	-	40.289
Other items	-	-	-	-	(117)	(117)	-	(117)
Total other items of the global result	**-**	**(251.805)**	**-**	**-**	**293.533**	**41.728**	**-**	**41.728**
Total global result for the period	**-**	**(251.805)**	**-**	**-**	**231.906**	**70.101**	**(2)**	**70.099**
Balance on December 31st, 2018	**1.018.300**	**70.164**	**6.851**	**9.221**	**(1.307.886)**	**(203.350)**	**(11)**	**(203.361)**

The consolidated financial statements presented were approved by management on 22th of March 2019 and signed on its behalf by:

Stanescu Bogdan
Special Administrator

Stanciugel Nicolae
Chief Accountant

1. GENERAL INFORMATION AND MAIN ACTIVITIES

Oltchim S.A. ("Oltchim", parent company within the Group) is a joint stock company with registered office in Romania. Oltchim has its h registered office located in Uzinei, nr. 1, Ramnicu Valcea, postal code 240050. The affiliated companies included in these consolidated financial statements have their registered office in Romania.

As of January 30th, 2013, Oltchim S.A. is in insolvency proceedings.

The consolidated financial statements on and for the financial year ended on December 31st 2018 refer to Oltchim S.A. and its subsidiary Sistemplast (94.4%) (together being defined as the "Group") and to the interests of the Group in the associated subsidiaries: Oltquino (46.64%), Eurourethane (41.28%) and Protectchim (30%).

The main activity of the Group is the production of chemicals.

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

The Sentence is final and irrevocable by rejecting the appeals declared by Electrica Furnizare SA and ANAF as unfounded, the decision being pronounced by the Piteşti Court of Appeal on 24.09.2015. Oltchim SA is in judicial reorganization.

In the Creditors Meeting of August 22nd, 2016, the extension of the reorganization period was approved for another year, until April 2019 respectively.

In June 2018, the sale of the Ramplast Building Materials Division was completed. Thus, on June 12th, 2018, the sale contract concluded between Oltchim SA as seller and Dynamic Selling Group SRL Galati as buyer was signed at the notary office, and on June 13th 2018 the full transaction price of lei 12.111.320 lei was cashed, without VAT.

In December 2018, the transaction regarding the sale of the assets on the Rm.Valcea industrial platform, respectively the functional assets (packages 1 - 5 and partly 7) to the company Chimcomplex SA Borzesti, was completed. Thus, on December 7th, 2018, the assets (intellectual property, land, construction, movable assets, investments in progress) related to chlor-alkaly, propenoxide, polyol polyethers, oxo-alcohols monomer, PVC I, utilities, the wagon park on Rm.Valcea industrial platform were sold on the basis of the assets sale contract. The transaction value was lei 589.328.986, without VAT. Future activity of the Group is described in note regarding Activity's Continuity.

The group sells chemicals both on the local market (approximately 24% of the turnover in 2018 and 22% in 2017) and the international (about 76% of the turnover in 2018 and 78% in 2017). The most significant exports are made to EU and Middle East countries.

The Group holds environmental and quality certificates (ISO 14001 and ISO 9001) received from TUV Management Service Gmbh, valid until 2020.

Shareholders' structure

Oltchim is a company listed on the Bucharest Stock Exchange. With Oltchim's entry into insolvency proceedings, the company's shares were suspended from trading between the date of the insolvency and the confirmation of the Reorganization Plan proposed by the consortium of judicial administrators, respectively from 30.01.2013-29.09.2015. The resumption of trading was made on 30.09.2015.

The Romanian State, represented by the Ministry of Economy, is the main shareholder. The nominal subscribed and paid-up share capital as of December 31st 2018 and December 31st 2017 is lei 34.321 divided into 343.211.383 shares each with a nominal value of lei 0,10. Each action entitles the holder to a single vote.

(all amounts expressed in thousands of LEI, unless otherwise specified)

1. GENERAL INFORMATION AND MAIN ACTIVITIES (continued)

The shareholding structure is the following:

Shareholders	31st of December 2018 Shares number	%	31st of December 2017 Shares number	%
The Romanian State through the Ministry of Economy	188.100.976	54,8062	188.100.976	54,8062
PCC SE	111.005.766	32,3433	111.005.766	32,3433
Natural persons	41.757.738	12,1668	40.452.898	11,7866
Legal persons	2.346.903	0,6838	3.651.743	1,0640
TOTAL	**343.211.383**	**100**	**343.211.383**	**100**

Activities carried out by the Group

The Group's main object activity consists in the production of polyol-polyethers, chlor-alkaly products, oxo-alcohols, other chemicals including services and technical assistance and their domestic and export trading.

The average number of employees was 2000 as of December 31st 2018 (December 31st, 2017: 2123 employees).

Management structure

By Sentence no. 617 of January 30th, 2013, pronounced by the Vâlcea Court - Division II of the Civil Court, in the file no. 887/90/2013 the consortium consisting of ROMINSOLV SPRL Bucharest, with registered office in Bucharest, Splaiul Unirii nr.223, etaj 3, sector 3, registration number in the Register of Forms of Organization RFO 0122/2006, represented by Partner Coordinator Gheorghe Piperea, and BDO BUSINESS RESTRUCTURING S.P.R.L., with registered office in Bucharest, Str. Invingatorilor nr. 24, Cladirea Victory Business Center, Et. 3, Sector 3, registration number in the Register of Forms of Organization RFO 0239/2006, represented by Coordinating Partner Niculae Balan, was appointed as judicial administrator.

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

Between January 1st and December 7th 2018, the Group's management was provided by:

Consortium consisting of:

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

* As of March 29th, 2018, the individual labor contract of Mr. Pîrvu Marius, Director of the Bradu Petrochemical Department, was suspended during the period he held the position of president of the National Authority for Consumer Protection, according to the decision of the Prime Minister no.150 from March 28th, 2018.

Starting December 8th, 2018, after the transfer of ownership of the assets to Chimcomplex Borzeşti, a new organizational structure was approved, the management of which is provided by the special administrator, Mr. Stănescu Bogdan.

2. MAIN ACCOUNTING POLICIES

2.1 Declaration of Conformity

These consolidated financial statements have been prepared in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/12.12.2016 for the approval of accounting regulations in compliance with the International Financial Reporting Standards - IFRS applicable to companies whose securities are admitted to trading on a regulated market.

The consolidated financial statements were approved on March 22th, 2019.

2.2 Changes in accounting policies and information to be provided

Standards and interpretations issued by the IASB, adopted by the EU, which entered into force in 2018

The Group has the obligation to prepare annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Group Oltchim, including Oltchim SA in judicial reorganization and its subsidiaries will prepare consolidated financial statements in accordance with IFRS as adopted by the European Union, for the financial year ended on December 31, 2018, which will be published according to the legislation in force.

The financial situations have been prepared based on the principle of activity's continuity under the stage of bankruptcy that will follow the closure of Reorganization plan in April 2019. The financial statements 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).

The Group adopted the new IFRS 15 on the date required by legislation using the modified retrospective method. After the assessment of the group, the impact of IFRS 15 did not require restatement of retained earnings, so there has been no effect of the restatement on retained earnings.

Starting with 2018 the Group adopted IFRS 9 using modified retrospective method, with cumulative adjustments from the initial application recognized on January 1st, 2018 in equity and without changing the previous periods' figures. For trade receivables the Group established a matrix of provisions based on the experience with historical credit losses adjusted for prospective factors specific to debtors and economic environment.

For the trade receivables of the Group there are no significant differences between the initial evaluation method according to IAS 39 and the new evaluation criteria according to IFRS 9.

The adoption of other amendments to existing standards has not led to significant changes in the Group's financial statements.

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

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 amendments and interpretation to the existing standards 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),

- **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

- **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,
- **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 Group 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 Group 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.
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.

- **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.

- **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 by Law Court Valcea, and not on the base of continuity of production activity and normal operation of the plants, given that Oltchim 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 Oltchim's debts to its creditors according to an agreed timetable. In the Meeting of the Oltchim Creditors' Assembly of August 22nd, 2016 it has been approved the request of the Consortium of insolvency administrators to extend the reorganisation period of Oltchim'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, Oltchim will enter the stage of bankruptcy by operation of law, in the next months. In the stage of bankruptcy Oltchim carries out the activity for the accomplishment of objectives to sell fully Oltchim'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 Group decided to revaluate the remaining tangible assets, revaluation which was performed by an independent appraiser authorized by ANEVAR. In the financial statements of the Group 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 brankruptcy. The financial statements as at December 31, 2018 do not include any adjustment related to this uncertainty

2.4 The bases of the evaluation

The Group has elected to present tangible assets at revalued amounts. Any increase arising from the revaluation of tangible assets is directly recorded in the equity account credit, in the revaluation reserve if there has been no prior decrease recognized as an expense related to that asset, in which case the increase is recognized as income to offset the expense previously recognized to that asset. A decrease in the net book value resulting from revaluation is treated as an expense insofar as no amount relating to that assets is recorded in the revaluation reserve.

The depreciation related to revalued tangible assets is recorded in the profit and loss account. Upon the subsequent cession or cassation of a revalued asset, the revaluation surplus attributable to the revaluation reserve is transferred directly to the reported result representing the surplus from revaluation reserves. The transfer of the revaluation reserve is only possible in the 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, Oltchim 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 consolidated financial statements are prepared at historical cost and amended to include equity adjustments under the International Accounting Standard ("IAS") 29 ("Financial reporting in hyperinflationary economies") until December 31st, 2003. Starting January 1st, 2004, the Romanian economy is no longer considered a hyperinflationist. The Group ceased to apply IAS 29 as of this date.

2.5 Functional and presentation currency

These consolidated financial statements are presented in LEI, which is the functional currency of the Group. All financial information is presented in LEI, rounded to the nearest thousand, unless otherwise specified.

2.6 Use of the professional estimates and judgments

Preparing the financial statements in accordance with EU IFRS requires the management to use estimates, judgments and assumptions that affect the application of the accounting policies and the reported amount of the assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates and assumptions form the basis for the judgments relating to the accounting values of the assets and liabilities that cannot be obtained from other sources of information. Current results may differ from the value of the estimates.

The estimates and assumptions underlying them are periodically reviewed. The revisions of the accounting estimates are recognized in the period in which the estimates are reviewed, if the review affects only that period, and in the future periods affected.
Estimates and professional judgments made by management mainly refer to: the estimation of non-invoiced income at the end of the year, the useful life of the assets, the estimation of the adjustments for the impairment of receivables and inventories, the calculation of provisions, employee benefits, taxes and duties, contingent debts.

Life span of tangible assets
The management reviews the adequacy of the useful life of the tangible assets end of each reporting period.

Provisions for fixed assets
The management reviews the use of tangible assets at the end of each reporting period.

Claims and invoices to be drawn up
The management estimates the probability of collecting receivables at the end of each reporting period and makes value adjustments for the portion considered to be irrecoverable. Adjustments are made based on the specific analysis of the invoices in the balance.

Also, the management estimates the value of the invoices to be drawn up on the basis of the electricity sale contracts.

Unreceived invoices
The value of the unreceived invoices is estimated by the management on the basis of the contracts concluded with the suppliers and by their comparative analysis with the previous periods.

Deferred tax
Deferred tax assets and liabilities are determined on the basis of temporary differences between the book amount and the assets and liabilities from the financial statements and their tax value. The recognition of deferred tax assets is made to the extent that a taxable benefit, on which these deductible temporary differences may be attributable, is likely to be available.

Contingent provisions and debts
The management makes estimates and uses professional judgment in the measurement and recognition of the provisions, in determining the exposure to contingent liabilities arising from disputes in which the Group is involved or from other disputes that are subject to negotiation, arbitrage or regulation. The professional judgment is used to determine the probability that a particular dispute will be lost and a debt to incur and to quantify the value of that debt. As a result of the uncertainty involved in this valuation process, current debts may be different from the initially estimated provisions.

2.7 Bases of consolidation

i. Branches

The branches are entities controlled by the Group. The control is the authority to conduct the financial and operational policies of an entity in order to obtain benefits from its business. In determining the control, the number of votes that can be exercised is taken into account. The branches' financial statements are included in the consolidated financial statements of the Group from the date on which the control begins and until the date when it ceases.

ii. Associated companies and entities under common control (accounting of the investments in the associated entities)

Associated companies are those entities in which the Group has significant influence but does not have control over its financial statements and operating policies. Joint ventures are those on which the Group has joint control, established by a contractual commitment that requires an unanimous agreement on the strategic operational and financial decisions. Associated companies and jointly controlled entities are accounted for using the equivalence method. The consolidated financial statements include the proportion held by the Group in the entity's income and expenses, after the adjustments required to align the accounting policies with those of the Group, from the date on which the significant influence or joint control begins until they cease. When the Group's share of the entity's loss exceeds the investment value, the net investment value (including long-term investments) is reduced to zero and the recognition of future losses is discontinued unless the Group has an obligation or has made payments on behalf of the partner.

The consolidated financial statements on and for the year ended December 31st 2018 refer to Oltchim S.A. and its subsidiary Sistemplast (94.4%), (together being defined as the "Group") and the Group's interests in the associated companies: Oltquino (46.64%), Eurourethane (41.28%) and Protectchim (30%).

iii. Transactions removed on consolidation

Intra-group balances and transactions and any unrealised income or expenses arising from intra-group transactions are eliminated from the consolidated financial statements. Unrealised incomes with associated entities are eliminated with the investments in them, in the proportion held by the Group in the associated entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of a loss of value.

(all amounts expressed in thousands of LEI, unless otherwise specified)

2.8 Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated into the Group's functional currency using the exchange rate on the transaction day. Monetary assets and debts denominated in foreign currency at the balance sheet date are translated into the functional currency at an exchange rate valid on the balance sheet date. Exchange rate differences are recorded in the income statement. Non-monetary assets and liabilities that are presented based on historical cost in foreign currency are transformed using the exchange rate at the transaction date.

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

Currency	**December 31st 2018**	**December 31st 2017**
1 EURO	Lei 4,6639	Lei 4,6597
1 USD	Lei 4,0736	Lei 3,8915

2.9 Business combinations

The Group applied IFRS 3 "Business combinations" in 2010 and 2011 to account for the accounting of the assets related to Arpechim's petrochemical and logistics business.

According to IFRS 3 "Business combinations", the value of the components purchased from Arpechim is recognized at fair value. The difference between the fair value of the acquired identifiable assets at the acquisition date and the debts undertaken and the fair value of the transferred payment at the date of acquisition is recognized as income for the year.

2.10 Reporting on segments

An operating segment is a component of the Group that engages in activities that may generate revenue and incur expenses, including income and expense related to transactions with any of the Group's other components. The operating results of an operating segment are reviewed periodically by the Executive Director to make decisions about the resources to be allocated to the segment and to analyze its performance and for which distinct financial information is available.

The segment's results that are reported to the management include elements directly attributable to a segment but also items that can be allocated on a reasonable basis. Unallocated items include mainly corporate assets (primarily the Company's head office), head office expenses and income tax receivables and payables.

Segment capital expenses represent the total cost incurred during the period with the acquisition of tangible and intangible assets other than goodwill.

2.11 Tangible assets and assets held for sale

a. Own assets

The Group has elected to present the tangible assets at revalued amounts. Any increase arising from the revaluation of tangible assets is recorded directly in the equity account's credit, in the revaluation reserve if there has been no prior decrease recognized as an expense related to that asset, in which case the increase is recognized as income to offset the expense previously recognized to that asset. A decrease in the net book value resulting from revaluation is treated as an expense insofar as no amount is recorded in the revaluation reserve for that asset. The depreciation related to revalued tangible assets is recorded in the profit and loss account. Upon the subsequent cassation or disposal of a revalued asset, the revaluation surplus attributable to the revaluation reserve is transferred directly to the reported result representing the surplus from revaluation reserves. The transfer of the revaluation reserve is only possible in the case of derecognition of the asset.

(all amounts expressed in thousands of LEI, unless otherwise specified)

Tangible assets are stated at their revalued amount less the cumulative depreciation and losses by impairment. The cost of self-managed assets includes the cost of materials, direct salaries, the initial estimate, where appropriate, of the directly attributable costs of removing and moving items and restoring the site and a share of indirect costs.

When an asset presents major components with different useful life spans, these components are recorded as separate asset items.

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 budles of assets and on the premise of functionality. In 2018, the Group 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 Group made the reclasification 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 of the nature of tabgible assets should be removed from the records upon disposal or cassation if no future economic benefit is expected from its future use.

b. Subsequent expenses

The Group recognizes in the net book value of a fixed tangible asset the cost of a replaced component, if the recognition criteria are met: it is possible to generate to the Group future economic benefits related to the asset and the cost of the asset can be reliably valued. Expenses with the repair or maintenance of fixed assets made to restore or maintain the value of such assets are recognized in the profit and loss account on the date on which they are performed.

c. Depreciation

The depreciation is calculatedat the revalued values, using the straight-line method, over the useful life of the asset, starting from the next month after commissioning, as follows:

	Years
Buildings and special constructions	10 - 50
Technical installations and cars	3 - 15
Furniture, equipment, office supplies, other	3 - 15

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 expenditures incurred for the replacement of a component of a tangible asset item that is recorded in the accounting as a separate asset are capitalized in the fixed asset with the book value of the replaced component. Other subsequent expenses are capitalized only when generating subsequent economic benefits for the Group. All other expenses are included in the income statement as they are carried out.

Costs for the repair and maintenance of the tangible assets are recorded as expenses as they are incurred. The improvements that significantly increase the life span or the value of the fixed asset are capitalized.

2.12 Intangible assets and assets held for sale

Expenses for the acquisition of patents, licenses and trademarks are capitalized and depreciated linearly over their useful lives, but not more than 10 years, except for patents where the life span may be at most 17 years.

Following the transition to IFRS, the Group chose to present the intangible assets at revalued amounts. Any increase resulting from the revaluation of the intangible assets is recorded directly in the credit of the equity account, in the revaluation reserve, if there was no prior decrease recognized as an expense related to that asset, in which case the increase is recognized as income that offsets the expense previously recognized to that asset.

A decrease in the net book value resulting from revaluation is treated as an expense insofar as no revaluation reserve is recorded for that asset. The depreciation related to revalued intangible assets is recorded in the profit and loss account. Upon the subsequent cassation or disposal of a revalued asset, the attributable revaluation surplus included in the revaluation reserve is transferred directly to the reported result representing the surplus from revaluation reserves. The transfer of the revaluation reserve is not possible unless the asset is derecognised.

Other assets are recognized at the revalued amount less the accumulated depreciation and cumulated value adjustments.

The Group's intangible assets were revalued on December 31st, 2018, the consolidated financial statements comprising the assets at the revalued amount.

Intangible assets are stated at their revalued amount less the cumulated depreciation and impairment losses.

Depreciation is recognized in the profit and loss accunt on a straight-line basis over the estimated useful live of the intangible assets. Life spans are as follows:

- Patents- up to 17 years;
- Trademarks- up to 10 years;
- Other intangible assets- up to 3 years.

The depreciable amount of an asset should be allocated systematically over its useful life. The depreciation method used is the straight-line one. The depreciation of an asset expires at the earliest date when the asset is classified as held for sale, in accordance with IFRS 5, and the date when the asset is derecognised.

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

2.13 Clients and assimilated accounts

Customer accounts and assimilated accounts include invoices issued and not cashed as of December 31st, 2018, at the nominal value and related to services rendered in 2018. Customer accounts and assimilated accounts are recorded at the depreciated cost less impairment losses. The depreciated cost approximates the nominal value. Final losses may vary from current estimates.

2.14 Inventories

The book value of the inventories is recognized as an expense during the period when the appropriate income is recognized, when the inventory is sold or used in the Group. The cost of the supplied inventories is determined on a "first in, first out" basis.

The cost of the finished and ongoing products includes raw materials, direct labor force, other direct and indirect expenses related to production (based on the normal production capacity) but excluding the cost of the loans. The net realizable value is the estimated selling price in the normal course of business less the estimated costs for completion, if any, and the expenses incurred for the sale. There are adjustments for slow moving stocks, physically and morally exploited, if applicable.

2.15 Money available

The money available include cash, current accounts, and bank deposits. The overdrafts that are reimbursable on demand are an integral part of the Group's cash management and are regarded as a component of cash and cash equivalents for the purpose of drawing up the cash flow statement.

2.16 Value losses

The net book value of the Group's assets is analyzed at each balance sheet date to determine whether there is any loss of value. If such a decrease is probable, the recoverable amount of the asset in question is estimated. A loss of value is recognized when the net book value of the asset is greater than its recoverable amount. Value losses are recorded in the profit and loss account.

a. Calculation of the recoverable value

The recoverable amount of the Group's long-term financial asset (example: receivables) is calculated as the present value of future cash flows.

The recoverable amount of other assets is considered the highest value between the sale value and the use value. The estimate of the use value of an asset involves the update of the estimated future cash flows using a discount rate before tax that reflects the current market assessments with regards to the value of the money in time and the asset specific risks. In the case of an asset that does not independently generate significant cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

b. Revearsals of value losses

The loss of value associated with a financial asset (for example, receivables) is restored if the subsequent increase in the recoverable amount can be related to an event that occurred after the impairment loss was recognized.

For other assets, a loss of value is restored if it is certain that the loss of value no longer exists and there have been changes in the estimated recoverable amount.

A loss of value may be restored to the extent that the book value of the asset does not exceed the recoverable amount, less the depreciation, that would have been determined if the loss in value had not been recognized.

2.17 Share capital

The share capital comprises ordinary shares registered at nominal value. The Group recognizes the changes in the share capital under the conditions provided by the legislation in force and only after their registration with the Trade Registry Office.

The amount of the share capital was adjusted in accordance with IAS 29 "Financial Reporting in the hyperinflationary economies".

2.18 Dividends

Dividends are recognized as a liability and deducted from equity during the period in which their allocation is approved if they have been eclared before or at the balance sheet date.

On 31.12.2018 the Group does not receive dividends.

2.19 Providers and assimilated accounts

Debts to suppliers and other payables, recorded at the depreciated cost, include the value of the invoices issued by product suppliers, works executed and services provided, as well as the value of the services rendered and not invoiced.

2.20 Interest bearing loans

Loans are initially recognized at fair value, net of transaction costs. Subsequent to the initial recognition, loans are recorded at the depreciated cost, any difference between the cost and the reimbursement value being recognized in the profit and loss account during the period of the loan based on an actual interest rate.

2.21 Financial instruments

Financial assets and financial liabilities include cash and cash equivalents, customers and other assimilated accounts, suppliers and other assimilated accounts, loans. The overdrafts that form an integral part of the treasury management are included as a component of the money available and of the assimilated items in the cash flow statement. The accounting policies for the recognition and measurement of these items are presented in the said accounting policies that are contained in this note.

Financial instruments are classified as liabilities or equity in accordance with the content of the contractual arrangement. The interest, dividends, gains and losses associated with a financial instrument classified as a liability are reported as expense or income when incurred. Payments to financial instruments holders classified in equity are recorded directly in the equity. Financial instruments are offset when the Group has the legal right to offset and intends either to offset on a net basis, or to realize the asset and settle the liability simultaneously.

2.22 Leasing

The lease agreements in which the Group fully undertakes the risks and benefits of ownership are classified as finance leases.

Fixed assets acquired under finance leases are presented as fixed assets at fair value at the acquisition date. The debt to the leasing company is included in the balance sheet as a liability on the lease agreement. The initial recognition of the assets acquired through leasing is made at the minimum between the fair value and the present value of the minimum lease payments.

The cost of financing is the difference between the total expenses resulting from the lease and the fair value of the purchased fixed asset. The cost of financing is recorded over the lease term so as to produce a constant value for the expense for the outstanding balance of each accounting period.

The amount of rents payable for operating leases is recorded in the profit and loss account in straight-line over the lease term.

2.23 Income tax expenses

Profit tax comprises a current and deferred part. Income tax is recognized in the profit and loss account unless it relates to previously recognized positions directly in equity, in which case it is presented in equity.

Current tax is calculated based on the tax result of the period, using the tax rate in effect at the balance sheet date, adjusted with the corrections of the previous years.

Deferred tax is obtained for using the balance sheet method on all temporary differences between the book value and the tax base of the balance sheet items. The following temporary differences are not taken into account: fiscally non-deductible goodwill, the initial recognition of assets or liabilities that are not combinations of enterprises and that do not affect either the accounting profit nor the taxable profit. Deferred tax is calculated on the basis of the tax rates provided by the legislation in force to be applied when the temporary difference is realised.

Deferred income tax is recognized only to the extent that it is probable that taxable profit will be obtained in the future, so that tax losses carried forward and temporary differences may be used. Deferred tax on the asset payment is diminished to the extent that the related tax benefit is unlikely to be realised.

Information on the calculation of income tax is included in Note 13.

2.24 Affiliated parties

Companies are considered affiliated if one party, either through ownership, contractual rights, family or other relationships, has the ability to control directly or indirectly or to significantly influence the other party.

2.25 Employees' benefits

During the course of its activity, the Group makes payments to the Romanian state on behalf of its employees, the contribution to the health insurance fund and the labor insurance contribution respectively. These costs are recognized in the profit and loss account together with the related wage costs. All Group employees are part of the state pension system. The Group is not engaged in any other pension scheme and therefore does not undertake any obligations in this respect.

2. MAIN ACCOUNTING POLICIES (continued)

2.25 Employees' benefits

Short-term employee wage obligations are recorded in the profit and loss account during the period in which they benefited from the services offered by them.

According to the Collective Labor Agreement, the Group grants the employees who retire due to age limit or under a retirement request, an allowance equal to three base salary plus the seniority increment on the date of retirement.

As of December 31st 2018, the Group recorded a provision for employee benefits in accordance with the actuarial report prepared by an external actuary expert in accordance with IAS 19.

In the case of employee individual or collective layoffs for reasons not related to the employee, they will receive compensation payments, as follows:

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

2.26 Income

Income from the sale of goods is recognized at fair value or receivable, net of returns and rebates, trade discounts. The income is recognized in the profit and loss account when the risks and benefits of the ownership over the goods are transferred to the buyer, the recoverable amount is probable, the associated costs and the returns of the goods can be reasonably estimated and the management of the goods ceases.

The transfer of the risks and benefits depends on the individual terms of the contract.

Income are recognized following the delivery of the products and the acceptance of the terms by the client, if any, as this is the date when the risks and benefits have been transferred to the client. Sales are presented net of VAT and trade discounts.

Other income earned by the Group is recognized on the next basis:

- Income from dividends - when the Group's right to receive dividends is recognized;
- Income from rents- over the period of rent in a straight-line manner;
- Income from investments - on straight-line basis, based on the contracts concluded.

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).
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 Group adopted the new standard at the mandatory entry into force using the modified retrospective method. As a result of the Group'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. MAIN ACCOUNTING POLICIES (continued)

2.27 Income and financial expenses

Financial income is the amount of bank interest income related to the bank cash, dividends income, earnings from the transfer of available-for-sale financial assets, changes in the fair value of the financial assets, exchange rate earnings, that are all recorded in the profit and loss account. The income from dividends is recognized when the Group's right to receive dividends is recognized.

Financial expenses are the amount of interest related to the contracted loans, exchange rate losses, changes in the fair value of the financial assets and value losses of the financial assets. All the loans related expenses are presented based on the actual interest.

2.28 Loans cost

The Group capitalizes the cost of the loans that apply to assets that need a certain amount of time to be ready for use or sale.

2.29 Governmental subsidies

Government subsidies received for the purchase of fixed assets are included in the non-current liabilities as deferred income and are credited in the profit and loss account in a straight-line manner for the period that represents the estimated useful life of the fixed asset.

2.30 Subsequent events

The accompanying financial statements reflect the events subsequent to the end of the year that provide additional information about the Group's position at the balance sheet conclusion date or those that indicate a possible breach of the going concern principle (events that trigger adjustments). Subsequent events that are not events that trigger adjustments are disclosed in notes when they are considered significant.

2.31 Result per asset

In accordance with IAS 33, the result per share is calculated by dividing the profit or loss attributable to the Group's shareholders to the weighted average of ordinary shares.

The weighted average of shares in circulation during the financial year is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were in circulation during the financial year.

Dilution is a reduction of the result per share or an increase in share losses resulting from the assumption that convertible instruments are converted, the options or warrants are exercised, or that ordinary shares are issued after certain specified conditions have been met. The object of the diluted result per share is consistent with that of the basic result per share, namely, to evaluate the interest of each ordinary share in the performance of an entity.

2.32 Greenhouse gas emissions certificates

Greenhouse gas emission certificates that are received free of charge from the Romanian government are recognized at zero cost in accordance with IAS 20 “Government Subsidies”. Emissions of greenhouse gases create an obligation to buy emission certificates.

In accordance with GD no. 780/2006, for the implementation of the European Directive no. 2003/2007/EC on greenhouse gas emissions, Romania has implemented a greenhouse gas emission certificates trading scheme.

A greenhouse gas emission certificate is a title that gives the Group the right to issue the equivalent of one tonne of carbon dioxide over a specified period. The purpose of the certificate is only to comply with GD no. 780/2006 on the implementation of the greenhouse gas emission certificates trading scheme.

2. MAIN ACCOUNTING POLICIES (continued)

2.32 Greenhouse gas emissions certificates

For the new trading period 2013-2020, which is the third trading period, the total number of greenhouse gas emission certificates allocated to each Member State and to each installation falling under the European Union greenhouse gas emission certificates trading scheme was established in the European Union.

In 2011 the Validation Report, verified by an accredited body, was drawn up, calculating the preliminary annual number of free certificates for 2013-2020, which resulted in the allocation of 296,107 annual certificates for the whole period.

In October 2013, following the application of carbon dioxide reduction factors, the central public authority for environmental protection and climate change informed the operators that the number of free certificates for the 2013-2020 period was reviwed, and which may vary from one year to the next, because the certificates will be granted according to the changes in the annual activity levels for which they have been calculated.

Up to December 31st each year during 2013-2020, Oltchim SA sends to the central public authority for environmental protection and climate change any change of relevant capacity, provided or actual, activity and operation level of the plant, according to the forms (annexes 3 and 4) set out in Order 89/2013, regarding the relevant changes (increase/decrease in activity) in the Group, which could have an impact on the allocation of greenhouse gas emission certificates.

For 2018, a number of 254.366 certificates for Oltchim Rm. Valcea and 0 certificates for the Bradu Petrochemical Division have been allocated.

Following the calculation, for 2018, a number of 94.007 certificates for Oltchim Rm. Valcea were issued, which should be handed over by April 30th 2019. The fact that the allocated number has not been overrun, has no impact in the financial statements of Oltchim SA.

2.33 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 Group 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 Group'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:

2. MAIN ACCOUNTING POLICIES (continued)

2.33 *Financial Assets (continued)*

- *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 cand 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.

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.

2.34 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 stament 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.

2.35 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are presented if the possibility of an outflow of resources that represent economic benefits is possible but not probable.

A contingent asset is not recognized in the accompanying financial statements but is presented when an entry of economic benefits is probable.

2.36 Comparative figures

The consolidated financial statements for the year ended December 31st, 2018 are comparable to the consolidated financial statements for the year ended December 31st, 2017.

Where necessary, comparative figures have been reclassified to be consistent with changes in the presentation of the consolidated financial statements of the current year.

2.37 *Comparative information*

The Group 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 Group 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 Group's financial asset categories. As for trade receivables, the Group determined a provision matrix based on the Group's historical credit losses, adjusted for the prospective factors specific to its debtors and to the business environment.

Starting with January 1, 2019, the Group 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 Group 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.

2.38 Financial liabilities

The Group expects that the adoption of these standards and amendments to the existing standards will not have a significant impact on the Group'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 Group'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 Group'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 si 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.

- **Tangible assets**

Assets subject to depreciation are reviewed to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount can no longer be recovered. Impairment loss is the difference between the book value and the recoverable amount of that asset.

- **Inventories**

The fair value of the purchased inventories is determined on the basis of the estimated selling price in the normal course of business minus the estimated costs for completion, if any, and a reasonable profit margin based on the costs incurred by selling and completing.

(all amounts expressed in thousands of LEI, unless otherwise specified)

4. REPORTING ON OPERATIONAL SEGMENTS

Geographical segments

The Group's sales activity is mainly divided into two geographic areas - the European Union and Turkey.

The Group's assets and production activities are mainly located in Romania and consequently no information is disclosed regarding the location of the assets.

	(%)	Year concluded on December 31st 2018	(%)	Year concluded on December 31st 2017
Domestic market	24	275.404	22	214.741
Export	76	866.631	78	746.847
	100	**1.142.035**	**100**	**961.588**

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Europe	980.686	825.568
Middle East (including Turkey)	130.549	104.548
Asia-Pacific	6.227	16.542
Africa	19.117	8.850
America	5.456	6.080
Total	**1.142.035**	**961.588**

Presentation of turnover by types of products:

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Polyether polyols,	601.844	585.955
Chlorosodics	263.818	202.089
Oxo-alcohols	171.156	144.784
Goods (mainly resale of utilities)	88.369	21.043
Bradu Petrochemical Division	-	167
Construction materials	114	8
Miscellaneous	16.734	7.542
Total	**1.142.035**	**961.588**

(all amounts expressed in thousands of LEI, unless otherwise specified)

Presentation of the operating result by segment of activity:

	Year concluded on December 31st 2018	**Year concluded on December 31st 2017**
Chemistry (polyether polyols, chlorosodics)	91.419	74.268
Building Materials	(4.585)	(8.573)
Oxo-alcohols	5.159	13.034
Bradu Petrochemical Division	(11.688)	(13.573)
Other	(1.328)	(1.405)
Total operating result	**78.977**	**63.751**
Income/(Expenses) from active revaluation and impairment adjustments	5.598	(4.784)
Investment income	4.775	8.820
Net cost of financing	(198)	(197)
The result of the associated companies put into equivalence	-	-
Result before tax	**89.152**	**67.590**

Presentation of assets by segments of activity:

	Year concluded on December 31st 2018	**Year concluded on December 31st 2017**
Chemistry (polyether polyols, chlorosodics)	497.210	839.506
Building Materials	-	13.025
Oxo-alcohols	-	6.730
Bradu Petrochemical Division	205.455	205.684
Other	1.939	1.153
Total	**704.604**	**1.066.098**

Presentation of debts by segments of activity:

	Year concluded on December 31st 2018	**Year concluded on December 31st 2017**
Chemistry (polyether polyols, chlorosodics)	905.169	1.331.203
Building Materials	-	-
Oxo-alcohols	-	-
Bradu Petrochemical Division	677	7.088
Other	2.119	1.267
Total	**907.965**	**1.339.558**

(all amounts expressed in thousands of LEI, unless otherwise specified)

Presentation of depreciation by segments of activity:

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Chemistry (polyether polyols, chlorosodics)	82.266	87.761
Building Materials	544	1.296
Oxo-alcohols	3.264	2.861
Bradu Petrochemical Division	-	-
Other	321	297
Total	**86.395**	**92.215**

5. NET SALES

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Income from the sale of finished products	1.026.368	922.995
Income from sale of goods	88.369	21.045
Other	27.298	17.548
Total	**1.142.035**	**961.588**

The Group 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 Group, 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 Group 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

6. INCOME FROM INVESTMENTS

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Income from rental of real estate investments	4.775	8.820
Incom from bank deposits interests	1.472	110
Total	**6.247**	**8.930**

(all amounts expressed in thousands of LEI, unless otherwise specified)

7. OTHER PROFITS OR LOSSES

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Income from rents	1.166	1.437
Income from service provision	6.730	3.769
Income from penalties cashed	8.739	32
Profit/loss from exchange rate differences	22	(391)
Profit/(loss) from current asset impairment adjustments	474	1.805
Profit/(loss) from financial assets impairment adjustments	-	(135)
Profit/(loss) from provisions variation	(27.581)	646
Profit/(loss) from cancellations	(1.039)	(809)
Profit/(loss) from sale/cassation of fixed assets	58.410	(2.551)
Other profits	65	51
Total	**52.986**	**3.854**

The profit from the sale of assets of 58.410 thousand lei resulted from their higher sale price than their remaining value.
The loss from the change in provisions of 27.581 thousand lei was determined by the provision made for the compensation payments to the employees to be dismissed in early 2019.

8. EXPENDITURES ON RAW MATERIALS AND CONSUMABLES, ENERGY AND WATER

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Raw materials consumed	471.388	430.006
Cost of goods sold	85.265	18.500
Expenditures on energy and water	197.435	198.385
Expenditures on consumables	30.117	23.950
Total	**784.205**	**670.841**

9. EXPENDITURES/ (INCOME) FROM ASSETS IMPAIRMENT AND DEPRECIATION

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Depreciation of fixed assets	86.090	91.909
Depreciation of intangible assets	304	306
Profit/(Loss) from assets impairment adjustments	(47.085)	(41.103)
Total	**39.309**	**51.112**

(Profit) / Loss from fixed assets impairment adjustments represent net movement from provision registration to liquidation value for the fixed assets revalued at December 31, 2018.

(all amounts expressed in thousands of LEI, unless otherwise specified)

10. WAGES EXPENDITURES

The Group does not have contractual obligations for the retirement of those with leading positions and the Group's administrators, other than those stipulated in the Collective Emloyment Contract. On December 31st, 2018 there was no professional malpractice insurance for the Group's management.

During 2018 no advances were granted to those with leading positions or to the Group's administrators, except for travel expenses. The salary fund for the Group's management is as follows:

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Management salaries	6.395	1.935

The total staff costs are shown below:

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Salaries and gross indemnities	109.330	88.750
Expenditure with social insurance- employer	7.568	25.585
Meal tickets	6.375	6.836
Total	**123.273**	**121.171**

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

11. NET COST OF THE COMPLETION

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Net expenses with bank interest	-	-
Bank charges and assimilated accounts	198	197
Total	**198**	**197**

(all amounts expressed in thousands of LEI, unless otherwise specified)

12. OTHER EXPENDITURES

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Expenses / (Income) from the revaluation of tangible assets	4.113	12.465
Expenditures / (Income) from the revaluation of intangible assets	5	2
Transport and logistics expenditures	16.641	17.431
Other expenditures on services provided by third parties	55.551	17.708
Establishment of an average fund for the closure of waste warehouses	23.569	-
ABA Olt Penalties - exceeded concentrations of pollutants in wastewater	15.778	13.426
Protocol expenses	231	442
Repairs expenses	8.832	3.137
Expenditures with taxes and fees	6.068	5.251
Expenditures with receivables	4.139	198
Expenditures with insurances	741	485
Postage and telecommunication expenditures	179	190
Travel expenditures	265	171
Expenditures on rents	1.051	235
Expenditures on commissions and fees	-	-
Expenditures on fines and penalties	1.463	2.866
Other expenditures	3.578	2.757
Total	**142.204**	**76.764**

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.
The most significant variation from the previous year is due to the UNPIR tax and fees due to the judicial administrators related to the contracts with Chimcomplex Borzesti and Dynamic Selling Group regarding assets bundles sale.
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 the buyer 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.

13. INCOME TAX

	Year concluded on December 31st 2018	Year concluded on December 31st 2017
Current income tax expenditures	(60.730)	(19.782)
Deferred tax expenditures	-	-
Total	**(60.730)**	**(19.782)**

According to the Tax Code, the profit tax is determined by applying the 16% tax rate to the taxable profit. Taxable profit is calculated as the difference between the income from any source and the expenses incurred for the purpose of obtaining income from a fiscal year, from which the non-taxable income is deducted and the non-deductible expenses are added.

For the income tax for the fiscal year 2018, the Group benefits from the discount of 5%, according to the provisions of Article 23 of the Government Ordinance no. 23/2017 regarding the broken down VAT payment.

(all amounts expressed in thousands of LEI, unless otherwise specified)

13 INCOME TAX (continued)

	Year concluded on December 31s 2018	Year concluded on December 31s 2017
Gross result (1)	**89.152**	**67.590**
Gross profit related to other activities not subject to income tax(2)	(409)	(402)
Gross result before tax (1-2)	**89.561**	**67.992**
Profit tax expenditure calculated at 16%	14.337	10.875
Effect of income amounts	40.537	656
Effect of expenditures amounts	-	(59)
Effect of non-taxable income	(19.778)	(24.951)
Effect of non-deductible expenses	28.830	33.487
Effect of deferred tax	-	-
Effect of fiscal loss from previous years	-	-
Sponsorship deductions	-	-
Total	**63.926**	**20.008**
5% discount according to GD no.23/2017	(3.196)	226
Total payable income tax	**60.730**	**19.782**

The increase of income tax for the year is due mainly to the transaction of assets sale with Chimcomplex Borzesti from December 7th, 2018 and realization of revaluation reserves of fixed assets sold.

14. ACTIVITIES-SPECIFIC TAX

	Year concluded on 31st of December 2018	Year concluded on 31st of December 2017
Expenses for the activities-specific tax	51	51
Total	**51**	**51**

By way of derogation from the provisions of the Fiscal Code on the profit tax, based on Law No.170/2016 on the activities-specific tax, a specific annual tax was calculated for the year 2018 since the Group carries out a secondary activity at the sub-division of Oltchim SA - Canteen according to CAEN code 5621 "Event catering activities". The specific tax is calculated according to certain variables, such as the rank of the place where the unit is located, its surface or seasonality.

15. PROFIT / (LOSS) PER SHARE

The earnings per share is determined by dividing the net income attributable to ordinary shareholders to the weighted average number of ordinary shares issued. There are no potentially diluted actions by 31st of December 2018.

Basic Profit/(Loss) per share, attributable to the parent company

	Year concluded on 31st of December 2018	Year concluded on 31st of December 2017
Net profit/(loss) attributable to the parent company	28.373	47.756
Average number of shares (millions of shares)	343	343
Basic Profit/(Loss) per share (Lei per share)	0,082714	0,139221

(all amounts expressed in thousands of LEI, unless otherwise specified)

16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE

Gross values	**Land and Constructions**	**Technical installations and machines**	**Other plant, machinery and furniture**	**Tangible assets in progress**	**Total**
Balance on February 1st 2017	**400.832**	**529.025**	**2.885**	**83.045**	**1.015.787**
Increases/Decreases	11.204	66.916	320	11.050	89.489
- of which revaluation increases	*10.666*	*47.265*	*268*	-	*58.199*
Outputs	(35.731)	(85.250)	(493)	(20.250)	(141.725)
- of which revaluation decreases	*(16.099)*	*(8.880)*	*(91)*	*(42)*	*(25.112)*
Provision adjustment on environmental obligations	-	-	-	(10.594)	(10.594)
Transfers to/from other positions (environmental obligations provision)	-	15.399	-	(15.399)	-
Advance payments	-	521	-	-	521
Balance on December 31st 2017	**376.304**	**526.611**	**2.712**	**47.851**	**953.478**
Balance on January 1st 2018	**376.304**	**526.611**	**2.712**	**47.851**	**953.478**
Increases/Decreases	6.655	8.621	19	18.174	33.469
- of which: transfers from other positions (commissionings)	*2.836*	*6.938*	*16*	-	*9.790*
- of which revaluation increases	*3.818*	*1.499*	*3*	*493*	*5.813*
Outputs	(203.581)	(384.860)	(2.513)	(52.514)	(643.468)
- of which: sale of assets	*(201.270)*	*(353.450)*	*(2.497)*	*(42.512)*	*(599.729)*
- of which: transfers from other positions (commissionings)	-	-	-	*(9.790)*	*(9.790)*
- of which revaluation decreases	*(1.495)*	*(6.455)*	*(3)*	*(212)*	*(8.165)*
Transfers to/from other positions (environmental obligations provision)	15.399	(15.399)	-	-	-
Environmental provision cancellation	(15.399)	-	-	-	(15.399)
Advance payments	-	(1.554)	-	-	(1.554)
SUBTOTAL	**179.378**	**133.419**	**218**	**13.511**	**326.526**
Transfers to Asses held for sale	(179.378)	(133.419)	(218)	(13.511)	(326.526)
Balance on December 31st 2018	**-**	**-**	**-**	**-**	**-**

Fixed assets outputs are determined by the sales of assets to Chimcomplex and Dynamic Selling.
Cancellation of environmental provision is determined by the fact that the obligation to close he waste storage pits has been taken over by Chimcomplex Borzesti along with assets acquisition.

(all amounts expressed in thousands of LEI, unless otherwise specified)

16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE (continued)

Depreciations and provisions	**Land and Constructions**	**Technical installations and machines**	**Other plant, machinery and furniture**	**Tangible assets in progress**	**Total**
Balance on January 1st 2017	**32.387**	**67.315**	**60**	**43.685**	**143.447**
Depreciation in 2017	15.035	76.349	405	-	91.789
Cancellation of cumulative depreciation	(15.010)	(76.312)	(402)	-	(91.725)
Depreciation related to outputs	(24)	(3)	-	-	(27)
Losses/(Reversals) of Value Reduction	(4.035)	(9.204)	(42)	(27.222)	(41.004)
Balance on December 31st 2017	**28.352**	**58.145**	**21**	**15.962**	**102.480**
Balance on January 1st 2018	**28.352**	**58.145**	**21**	**15.962**	**102.480**
Depreciation in 2018	13.987	71.671	402	-	86.060
Cancellation of cumulative depreciation	(817)	(24.955)	(12)	-	(25.784)
Depreciation related to outputs	(13.170)	(46.663)	(388)	-	(60.221)
Losses/(Reversals) of Value Reduction	(14.807)	(29.641)	(5)	(2.631)	(47.084)
SUBTOTAL	**13.545**	**28.557**	**18**	**13.311**	**55.451**
Transfers to Asses held for sale	(13.545)	(28.557)	(18)	(13.311)	(55.451)
Balance on December 31st 2018	**-**	**-**	**-**	**-**	**-**

Net value	**Land and Constructions**	**Technical installations and machines**	**Other plant, machinery and furniture**	**Tangible assets in progress**	**Total**
January 1st 2017	368.445	461.710	2.825	39.360	872.340
December 31st 2017	**347.953**	**468.466**	**2.690**	**31.889**	**850.998**
January 1st 2018	347.953	468.466	2.690	31.889	850.998
December 31st 2018	**-**	**-**	**-**	**-**	**-**
Assets held for sale	**165.833**	**104.862**	**200**	**180**	**271.075**

16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE (continued)

The tangible assets are presented in the statement of financial position at the cost or reevalued amount, less the depreciations and adjustments for impairment or loss of value in accordance with IAS 16 "Tangible assets" and IAS 36 "assets depreciation".

Reevaluation

The Group has chosen to present the tangible assets at revalued amounts. Any increase arising from the revaluation of the tangible assets is recorded directly in the equity account credit, in the revaluation reserve, if there was no prior decrease recognized as an expense related to such asset, in which case the increase is recognized as an income that offsets the expense previously recognized on such asset. A decrease in the net book value resulting from the revaluation is treated as an expense insofar as no revaluation reserve is recorded for that asset.

The depreciation of revalued tangible assets is recorded in the profit and loss account. Upon the subsequent discarding or disposal of a revalued asset, the revaluation surplus attributable to the revaluation reserve is transferred directly to reported result, representing the surplus from revaluation reserves. The transfer of the revaluation reserve is only possible in case of derecognition of the asset.

When a tangible asset item is revalued, any cumulative depreciation at the revaluation date is eliminated from the gross book value of the asset and the net amount is restated to the revalued amount of the asset. On 31st of December, 2018, the value of the canceled cumulative depreciation was LEI 25.784

In 2018 the Group decided to perform the reassessment of the tangible assets remaining after the sale to Chimcomplex, reassessmnet that has been performed by an independent assessor, respectively the company Romcontrol SA - authorized ANEVAR. Given that Oltchim SA will not have production activity after December 31, 2018, the Group decided to perform the reassessment of the tangible assets, reassessmnet that has been performed by an independent assessor, respectively authorized by ANEVAR. In the financial statements of the Group as at December 31, 2018 the fixed assets are presented at the liquidation value on the premise that the assets shall be subject to the block sale on bundles of assets and on the functionality premise of the seller. The liquidation values of assets and liabilities registered at December 31, 2018 may be significantly different from what can be realised during bankruptcy stage.

Valuation methods used

The estimation of the market value of tangible assets for fixed assets was made by applying standard valuation methods, namely:

- ✓ *Market approach method*. Estimating the market value through the comparison method is based on the fact that market participants recognize a direct relationship between the value of the asset to be valued and the values of other similar and competitive assets traded or offered recently.

- ✓ *Cost approach method*. The cost approach method estimates the value by determining the current replacement cost of the asset, of which are deducted the depreciation items that result in the asset's value loss following physical, functional or external impairment.

- ✓ *The method of market comparisons* based on the substitution principle which states that a prudent buyer will not pay for an asset a higher price than the one of another similar or equivalent asset under the same conditions. By this method, the value of the valued assets is determined based on the prices obtained from similar assets in actual transactions that have taken place within a reasonable time frame, or based on recent or active trading deals on the valuation date.

- ✓ *The net replacement cost / net reconstruction cost method*. The net replacement cost is the "current cost required to replace an asset with the equivalent modern asset less the physical impairment and all relevant impairment and optimization forms. The net reconstruction cost is the estimated cost used to build an identical replicate of the asset by using the same materials and techniques, the same execution standards and norms, encompassing all functional deficiencies from overdimension etc. of the concerned asset, less the physical imairment and all relevant forms of impairment and optimization.

(all amounts expressed in thousands of LEI, unless otherwise specified)

16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE (continued)

- ✓ *Liquidaton 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.

Following the revaluation of fixed assets, we have:

- Fixed asets value increases of lei 4,776 thousand, out of which lei 4,774 thousand were registered in the revaluation reserve, and the remaining lei 2 thousand being recorded on the income account.
- Value decreases in the amount of lei 7,738 thousand, of which lei 3,776 thousand have reduced the revaluation reserve, and the remaining of lei 3,962 thousand was recorded on the expense account.

For the ongoing investments there have been recorded:

- Value increase of lei 493 thousand, the entire amount being registered in the revaluation reserve..
- Value decrease of lei 212 thousand, of which lei 4 thousand were recorded in the revaluation reserve, the remaining lei 208 thousand being recorded on the income account.

For the lands there have been recorded:

- Value increases of lei 544 thousand, of which lei 470 thousand were registered in the revaluation reserve, the remaining of lei 74 thousand being registered on the income account.
- Value decreases in the amount of lei 215 thousand, of which lei 197 thousand have reduced the revaluation reserve, the remaining of lei 18 being registered on the expense account.

The revaluation reserve account (1052) related to the tangible assets is presented as following:

- balance before revaluation 2018	Lei 68.337 thousands
- revaluation increases	Lei 5.738 thousands
- revaluation decreases	Lei (3.976) thousands
- balance at the end of the year	Lei 70.099 thousands

As of 31.12.2018, the Group owns tangible fixed assets in the gross amount of lei 326,526 thousand, respectively in the net amount of lei L 271,075 thousand, with a decrease in the net amount of lei 579,923 thousand as compared to 31.12.2017.

In the year 2018 the tangible assets in the amount of lei 9,790 thousand were put into operation.

The commissioning in 2018 consisted of the following:

- Modernization of the bridge	Lei 2.836 thousands
- Oxo hydrogenation capacity enhancement	Lei 1.554 thousands
- Purchases of independent machinery	Lei 4.640 thousands
- Other commissioning	Lei 760 thousands

Impairment

In 2018, the Group recorded impairments on tangible assets in the amount of lei 86,060 thousand.

In the non-functional assets related to Oltchim SA, due to the lack of raw materials for restarting (Bradu Petrochemical Division, PVC II, Anhidrida Ftalica) there was a provision between the fair value and the liquidation value according to the reevaluation report issued by the independent valuer.

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

(all amounts expressed in thousands of LEI, unless otherwise specified)

16. A) TANGIBLE ASSETS AND ASSETS HELD FOR SALE (continued)

The ongoing investments in 2018 amounted to lei 17,680, on the main investment objectives, the situation being the following:

- Electrolysiers rehabilitation at the membrane electrolysis plant	Lei 4.590 thousands
- Acquisitions of independent fixed assets	Lei 4.640 thousands
- Modernization of the bridge	Lei 2.795 thousands
- Oxo hydrogenation capacity enhancement	Lei 1.554 thousands
- Propenoxide facility capacity enhancement	Lei 1.317 thousands
- Other investment objectives	Lei 2.784 thousands

16. B) TANGIBLE ASSETS

GROSS VALUES	**Real estate investments**	**Total**
Balance on January 1st 2018	**3.585**	**3.585**
Increases/Decreases	-	-
- of which: transfers to/from other positions	-	-
- of which revaluation increases	-	-
Outputs	(3.585)	(3.585)
- of which revaluation decreases	-	-
Balance on December 31st 2018	**-**	**-**
DEPRECIATION AND LOSS OF VALUE		
Balance on January 1st 2018	**-**	**-**
Depreciation in 2018	29	29
Cancellation of the cumulative depreciation	-	-
Outputs cumulative depreciation	(29)	(29)
Losses/(Reversals) of Value Decrease	-	-
Balance on December 31st 2018	**-**	**-**
NET VALUES		
January 1st 2018	**3.585**	**3.585**
December 31st 2018	**-**	**-**

Description	**December 31st 2018**	**December 31st 2017**
Total value of real estate investments	-	3.585
Depreciation and loss of value of the real estate investments	-	-
Net book value	**-**	**3.585**
Revenue from real estate investments	**19.100**	**8.820**

(all amounts expressed in thousands of LEI, unless otherwise specified)

17. INTANGIBLE ASSETS AND ASSETS HELD FOR SALE

Gross values	**Development costs**	**Patents and licenses**	**Other assets**	**Total**
Sold on January 1st 2017	**8**	**1.548**	**20**	**1.576**
Increases/decreases	1	68	4	73
-of which revaluation increases	*1*	*48*	-	*49*
Outputs	(3)	(309)	(2)	(314)
-of which revaluation decreases	-	*(5)*	-	*(5)*
Sold on December 31st 2017	**6**	**1.307**	**22**	**1.335**
Sold on January 1st 2018	**6**	**1.307**	**22**	**1.335**
Increases/decreases	-	5	-	5
-of which revaluation increases	-	-	-	-
Outputs	(6)	(1.307)	(20)	(1.333)
-of which revaluation decreases	*(3)*	*(192)*	*(18)*	*(213)*
Transfer to Assets held for sale	-	(5)	(2)	(7)
Sold on December 31st 2018	**-**	**-**	**-**	**-**

Depreciation and loss of value	**Development costs**	**Patents and licenses**	**Other assets**	**Total**
Balance on January 1st 2017	**-**	**102**	**-**	**102**
Depreciation in the period	3	302	3	308
Cancellation of the cumulative depreciation	(3)	(301)	(2)	(306)
Depreciation related to the outputs	-	(1)	-	(1)
Losses (reversals) from the value decrease	-	(98)	-	(98)
Balance on December 31st 2017	**-**	**4**	**1**	**5**
Balance on January 1st 2018	**-**	**4**	**1**	**5**
Depreciation in the period	3	299	4	306
Cancellation of the cumulative depreciation	(3)	(17)	(3)	(23)
Depreciation related to the outputs	-	(282)	-	(282)
Losses (reversals) from the value decrease	-	(1)	-	(1)
Transfer to Assets held for sale	-	(3)	(2)	(5)
Balance on December 31st 2018	**-**	**-**	**-**	**-**

Net value	**Development costs**	**Patents and licenses**	**Other assets**	**Total**
January 1st 2017	-	1.446	20	1.474
December 31st 2017	**6**	**1.303**	**21**	**1.330**
January 1st 2018	6	1.303	21	1.330
December 31st 2018	**-**	**-**	**-**	**-**
Assets held for sale	**-**	**2**	**-**	**2**

(all amounts expressed in thousands of LEI, unless otherwise specified)

17. INTALGIBLE ASSETS AND ASSETS HELD FOR SALE (continued)

On December 31st 2018, the intangible asset revaluation was carried out, resulting in the following aspects

- For the development expenses it resulted a value decrease of lei 3 thousands, of which lei 0.5 thousand were registered in the revaluation reserve, the remaining of lei 2.5 thousand being registered on the expense account.
- For the patents and licenses there were registered decreases in the amount of lei 192 thousand lei, of which lei 191.8 thousand were recorded in the revaluation reserve, the remaining of lei 0.2 thousand being registered on the expense account.
- For other intangible assets there were value decreases in the amount of lei 18 thousands, out of which lei 16 thousands were recorded in the revaluation reserve, the remaining lei 2,000 thousands were registered on the expense account.

The revaluation reserve account (1051) related to the intangible assets is as follows:

- balance before revaluation 2018	Lei 273 thousands
- revaluation increases	Lei
- revaluation decreases	Lei (208) thousands
- balance at the end of the year	Lei 65 thousands

18. ACCOUNTING OF THE INVESTMENTS IN ASSOCIATES

Financial investments comprise the participations held by the Group in other companies or other entities:
-investments in associated entities (20% <holding <50% of the share capital);
-Investments in the Valcea Dual Learning Association for the support of professional education, in the net amount of lei 24.000.

The situation of the participations in the associated entities is as follows:

Explanations	**Date of establishment**	**The percentage held by OLTCHIM in the share capital**	**Net participation value on 31.12.2017 -LEI -**	**Net participation value on 31.12.2018 -LEI -**
TOTAL, of which:			-	-
- Participation in share capital of OLTQUINO's	19.12.1994	46,64%	-	-
- Participation in share capital of EURO URETHANE	07.07.2004	41,28%	-	-
- Participation in share capital of PROTECTCHIM*)	27.02.2003	30,00%	-	-

*) company in insolvency starting with 08.03.2017, according to the Decision no. 353/08.03.2017, pronounced in File no. 2263/90/2016, submitted on 01.08.2016 with the Valcea Court. In the period 2014-2015, the investment in PROTECTCHIM became uncertain, being diminished to 7.5%, by the capital increasing made by this company, without granting the Oltchim SA.preference right.

In December 2016, the Oltchim S.A. participation in PROTECTCHIM returned to 30% following the provisions of the Resolution no. 11.096/20.12.2016 issued by the Trade Register Office attached to the Valcea Tribunal.

The Group's result in associated entities for the year 2018 was of zero thousand LEI as the Group's share of the loss registered by the entity exceeds the investment value, the net investment value is reduced to zero and the acknowledgement of future losses is discontinued.

(all amounts expressed in thousands of LEI, unless otherwise specified)

18. ACCOUNTING OF THE INVESTMENTS IN ASSOCIATES (continued)

Related financial information for associates, unadjusted for the Group's holding ratio, are presented below:

	Holding percentage	Current assets	Fixed assets	Total assets	Current debts	Long term debts	Total debts	Income	Expenses	Profit/ (loss)
2017										
Oltquino	46,64%	20	324	344	49	-	49	10	23	(13)
Eurourethane	41,28%	3.334	1.979	5.313	12	-	12	188	294	(106)
Protectchim	30,00%	10.413	3.035	13.448	17.991	17.930	35.921	1.989	4.869	(2.880)
Total		**13.767**	**5.338**	**19.105**	**18.052**	**17.930**	**35.982**	**2.187**	**5.186**	**(2.999)**
2018										
Oltquino	46,64%	14	321	335	62	-	62	4	25	(21)
Eurourethane	41,28%	3.207	1.076	4.283	27	-	27	122	1.166	(1.044)
Protectchim	30,00%	6.447	3.898	10.345	27.296	-	27.296	1.447	3.948	(2.501)
Total		**9.668**	**5.295**	**14.963**	**27.385**	**-**	**27.385**	**1.573**	**5.139**	**(3.566)**

(all amounts expressed in thousands of LEI, unless otherwise specified)

19. STOCK

In the statement of the financial position as of December 31st, 2018, the stocks are presented at net realizable value by decreasing by the impairment adjustments, obtaining the following values:

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Finished product	11.091	32.618
Raw materials	693	21.133
Materials	5.955	8.282
Packaging	96	1.253
Products under execution	-	522
Semi-products	147	4.548
Goods	994	65
Inventory items	42	243
Advances paid for stock purchases	3.317	4.453
Total	**22.335**	**73.117**

The impairment adjustments recorded for each stock category are as follows:

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Adjustments for the impairment of finished products	35	36
Adjustments for the impairment of raw materials	4.435	3.532
Adjustments for the impairment of materials	46.193	42.821
Adjustments for the impairment of semi-finished products	1.325	2.794
Adjustments for the impairment of packaging	856	52
Adjustments for the impairment of inventory items	428	320
Total	**53.272**	**49.555**

Movements in the impairment adjustment for inventories are shown below:

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Initial balance	**49.555**	**51.086**
Adjustments recorded during the year	5.837	11
Income adjustments rescheduling	(2.120)	(1.542)
Sold final	**53.272**	**49.555**

(all amounts expressed in thousands of LEI, unless otherwise specified)

20. COMMERCIAL RECEIVABLES

	The year concluded on December 31st 2018	**The year concluded on December 31st 2017**
Internal clients	62.806	65.629
External customers	44.524	53.842
Impairments adjustment for internal customer receivables	(30.388)	(33.670)
Depreciation adjustments for external customer receivables	(25.128)	(25.939)
Total	**51.814**	**59.862**

Impairment adjustments for client receivables are presented as follows:

	The year concluded on December 31st 2018	**The year concluded on December 31st 2017**
Initial balance	**59.609**	**59.800**
Adjustments entered during the year	3.439	1.282
Income adjustments recheduling	(7.532)	(1.473)
Final balance	**55.516**	**59.609**

For domestic clients, the average receivables collection period was 42 days in 2018 (45 days in 2017). For external clients, the average receivable collection period was 10 days in 2018 (11 days in 2017).

The Group 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 Group, no impact from IFRS 9 to require the restatement of retained earnings resulted, so no effect from restatement was recorded in retained earnings.

21. TAXES TO BE RECOVERED

	The year concluded on December 31st 2018	**The year concluded on December 31st 2017**
VAT to be recovered	13.673	5.852
VAT not applicable	918	1.014
Other taxes and duties to be recovered	0	6
Total	**14.591**	**6.872**

As a result of significant sales to European Union and non-EU countries, the Group registers VAT to be recovered because most of the acquisitions are made on the domestic market bearing deductible VAT. The VAT to be recovered is offset by the Group's debts to the state budget.

22. OTHER ASSETS

	The year concluded on December 31st 2018	**The year concluded on December 31st 2017**
Prepayments	10	149
Advances paid for service provision	7.388	10.360
Other claims	652	321
Adjustments for impairment of other receivables	(117)	(40)
Total	**7.933**	**10.790**

(all amounts expressed in thousands of LEI, unless otherwise specified)

23. CASH AND CASH EQUIVALENTS

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Bank accounts in local currency	306.758	51.849
Bank accounts in foreign currency	29.647	7.427
Deposits (Managers Material Guarantees)	278	234
Cash deposit	146	31
Cash equivalents	1	3
Total	**336.830**	**59.544**

24. SHARE CAPITAL

The share capital contains:

	Number of shares	Share Capital
Statutory share capital	343.211.383	34.321
Adjustments for inflation until December 31st 2003		983.979
On December 31st 2018 – adjusted		**1.018.300**

The share capital as of December 31st 2018 represents the Government's contribution in the form of net assets to the establishment of Oltchim SA on August 1st 1990, the share capital of four units taken over on August 1st1996, the value of the lands transferred by the Government to the Company in 1998, 1999 and 2000, and share capital rincreases representing contribution in kind (land) of the state through AAAS (namely the Ministry of Economy) and cash contributions of the shareholders.

Oltchim S.A. is listed on the Bucharest Stock Exchange.

All shares are ordinary shares, subscribed and paid in full. All shares give the same voting right and the nominal value is lei 0,10 per share.

In 2018 there were no changes in the value of the share capital or significant changes to its structure.

25. RESERVES

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Legal reserves	6.851	6.851
Other reserves	9.221	9.221
Revaluation reserves	70.164	321.969
Total	**86.236**	**338.041**

(all amounts expressed in thousands of LEI, unless otherwise specified)

26. REPORTED RESULT

	The year concluded on December 31st 2018	**The year concluded on December 31st 2017**
Balance at the beginning of the year	**(1.629.792**	**(1.788.066)**
Net profit / loss	16.237	47.756
Reported result representing the surplus achieved from revaluation reserves for 2013	-	95.095
Revaluation reserves related to fixed assets removed from the record (sold or decomissioned)	253.361	4.965
Adjustments for employee benefits provisions	-	442
Deferred tax	40.289	9.236
Other elements of the result	(117)	780
Balance at the end of the year	**(1.307.886)**	**(1.629.792)**

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 "Retained earnings representing surplus from revaluation reserves".

(all amounts expressed in thousands of LEI, unless otherwise specified)

27. LOANS

Upon the confirmation of the reorganization plan of Oltchim SA by the Syndic Judge (April 2015), the loan agreements are considered denounced. The amounts recorded in the accounting records are those included in the payment schedule of the Reorganization Plan, as follows:

Bank	Currency	Credit value	Currency balance	Exchange rate on the insolvency date	Balance in lei	Transfer to other operating income in 2015, according to the Payment schedule	December 2018 distributions received from asset sales	Balance on 31.12.2018
	Credite bancare pe termen lung							
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				
	lei	100.000.000	100.000.000	-				
Bancpost	euro	2.500.000	568.793	4,3853	2.494.327	502.485	1.991.842	0
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 bank credits on long term					**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**

(all amounts expressed in thousands of LEI, unless otherwise specified)

28. INCOME IN ADVANCE

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
On January 1st	**3.437**	**4.270**
Records during the year	-	-
Resume on profit and loss accounts	(3.437)	(833)
On December 31st	**-**	**3.437**

The revenues registered in 2018 represent the share of the subsidies received in the previous years, the most significant being the one from 2007 when 8,908,844 lei were received from the Environmental Fund Administration for the "Waste Incineration" Plant.

During 10 years, the Group records this subsidy in the income in order to relate to the period of the depreciation of the fixed assets acquired, and in 2018 as a result of the sale of the assets, all the value related to the following years was recorded on the income.

29. LIABILITIES RELATED TO THE DEFERRED TAX

The deferred tax is recognized based on the temporary differences between the book value of the assets and liabilities in the financial statements and the corresponding tax base used in the calculation of the taxable profit. In accordance with current tax provisions, the revaluation reserves existing in the balance on December 31st 2018 are taxed at the same time with the deduction of the tax depreciation and upon the decrease in the revalued fixed assets respectively.

On December 31st, 2018, the Group records a deferred tax liability in the amount of Lei 11,226 thousand.

Deferred tax on December 31st 2017	**51.515**
Deferred tax – 2018	(40.289)
Total deferred tax on December 31st2018	**11.226**

30. PROVISIONS AND OTHER LONG-TERM LIABILITIES

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Provisions for compensatory payments	28.810	-
Provisions for Employee Benefits	1.389	8.326
Provisions for environmental obligations	-	15.399
Provisions for unpaid leave	559	817
Provisions for commercial credit insurance	-	33
Salary rights accumulated prior to insolvency	-	4.825
Other debts accumulated before insolvency	11.612	16.491
Total	**42.370**	**45.891**

Provisions for compensatory payments are computed according to the Collective Labour Contract of Oltchim SA and all related taxes are included.
The cancellation of the provision for environmental liabilities was determined by the commitment to close the waste landfills taken over by Chimcomplex Borzesti along with assets acquisition.

(all amounts expressed in thousands of LEI, unless otherwise specified)

30. PROVISIONS AND OTHER LONG-TERM LIABILITIES (continued)

Under the Collective Labour Contract, the Group grants to employees who retire for old age or retirement on demand an indemnity equal to three basic salaries plus the seniority increment on the retirement date.

As of December 31st 2018, the Group recorded a provision for employee benefits in accordance with the actuarial report prepared by an external actuary expert in accordance with IAS 19.

The costs of the benefits offered are categorized as follows:

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

The changes in the net liability regarding the defined benefit in the financial year ended on December 31st, 2018 are presented in the table below:

		The expense included in the profit and loss account		Provision payments	(Gains) / actuarial losses included in other elements of theoverall result	
	January 1st 2018	Service cost	Interets cost		Actuarial modifications	December 31st 2018
Net debt on defined benefit	8.326	774	394	(1.264)	(6.842)	1.389

31. COMMERCIAL DEBTS

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Commercial debts registered with the statement of affairs	266.024	367.098
Commercial debt registered after insolvency	51.774	108.684
Estimates of the invoices to receive	8.002	8.882
Advance payments received after insolvency	4.811	4.841
Total	**330.611**	**489.505**

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.

32. DEBTS REGARDING THE TAXES AND FEES

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Debts to the state and local budget recorded with the statement of affairs	7.353	9.042
VAT to pay	84.090	-
Tax	39.689	23.705
Social contributions	10.372	33.549
Income tax	1.260	2.319
Other tax liabilities	1.759	16.864
Total	**144.523**	**85.481**

(all amounts expressed in thousands of LEI, unless otherwise specified)

32. DEBTS REGARDING THE TAXES AND FEES (continued)

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

The Group pays the taxes and fees related to salaries through compensation with negative VAT (VAT to be recovered registered by Oltchim as of 31.12.2018: lei 13,674 thousand).

33. OTHER DEBTS

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Debts on wages	1.700	3.694
Net compensatory salaries related to redundant staff	-	3.717
Interests to pay	23.102	23.087
Discounts related to joint operations	-	-
Other creditors	17.939	17.502
Total	**42.741**	**48.000**

On December 31st 2018, the Group records total debts of lei 907 million, of which:

- Lei 619 million debts registered in accordance with the reorganization Plan;
- Lei 173 million net debts accumulated after insolvency, out of which lei 27 million with overdue deadline payable starting from the first part of the insolvency period;
- Lei 47 million mutual debts and claims to the state budget that will be compensated with the VAT to be recovered;
- Lei 68 million other debts, mainly provision for compensatory payments for staff redundancy and deferred tax, this debt not being exigible.

34. TRANSACTIONS WITH AFFILIATED PARTIES

The nature of transactions with the affiliated parties with which the Group has significant transactions or balances is detailed below. The Group participated in the transactions with affiliated parties in the normal course of the business under terms of normal contractual terms.

(i) Transactions with affiliated parties

Sales

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Oltquino SA	-	-
EuroUrethane SRL	-	9
Protectchim SRL	-	62
Total	**-**	**71**

Acquisitions of goods and services

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Oltquino SA	-	-
EuroUrethane SRL	-	-
Protectchim SRL	-	-
Total	**-**	**-**

34. TRANSACTIONS WITH AFIILIATED PARTIES (continued)

(ii) Balances with affiliated parties

Client claims

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Oltquino SA	-	-
EuroUrethane SRL	-	-
Protectchim SRL	259	259
Total	**259**	**259**

Providers and other debts

	The year concluded on December 31st 2018	The year concluded on December 31st 2017
Oltquino SA	-	-
EuroUrethane SRL	-	-
Protectchim SRL	-	-
Total	**-**	**-**

35. SIGNIFICANT NON-MONETARY TRANSACTIONS

Part of the current receivables and payables were obtained from non-monetary transactions. The transactions are mainly sales of products in exchange for raw materials and services or compensation of balances arising from mutual agreements concluded with clients and suppliers within the same operational cycle. Non-monetary transactions were excluded from the cash flow statement.

36. COMMITMENTS AND CONTINGENCIES

(i) Contingencies

On the date of the financial statements, Oltchim SA, through its Legal Service, is dealing with cases that have as object the lawsuits of bad paying internal clients, as follows:

- files opened before Oltchim SA's insolvency for deliveries of products, for the non-observance of the contractual terms, in the amount of:
    a) Lei 22,656,118 representing the value of delivered and unpaid products;
    b) Lei 7,528,924 late payment penalties;

- majority files opened during the insolvency period for deliveries before the insolvency, in the amount of:
    a) Lei 6,798,947 representing equivalent products delivered and unpaid;
    b) Lei 66.963 late payment penalties.

Also, from the litigations with the external customers, before Oltchim S.A. went insolvent, it had to recover the total amount of $ 1,046,217 and € 4,400,965 representing the value of the sold merchandise.

For bad paying clients, the Group recorded adjustments on the balance sheet date in accordance with the policy adopted by the Group (see Note 20).

36. COMMITMENTS AND CONTINGENCIES (continued)

(i) Contingencies (continued)

At the time of the financial statements, the Group is involved in litigation with former employees, ongoing litigation, for which it is not possible to estimate the Group's possible payment obligations that could arise from unfavorable court rulings.

The Group had ongoing litigations with the employees. Some files have been suspended. In these case files, the suspension takes place from the moment when the insolvency proceedings are opened with Oltchim S.A.. At the moment of adjournment of the case, the limitation period is also suspended, so the cases can be tried after the expiry of the 3-year limitation period but depending on the legal status of Oltchim SA after the insolvency proceedings are closed.

At the statement of affairs the amounts claimed in court by the employees of the Bradu Petrochemical Division were accepted and from the amounts earned from the sale of the assets there have been paid also the amounts earned in court, so that the higher-value lawsuits submitted by them became devoid of purpose.

The Oltchim Company owns a land located in Colonia Nuci. Land overlaps have been identified, which is why actions for the recovery of possession have been submitted.

The Group has no record of litigations regarding the violation of the environmental legislation.

Environment

The Group registers and pays the environmental fund to the Budget, set up according to the rules in force.

In accordance with the Law No. 3/2001 on the ratification of the Kyoto Protocol, in the United Nations Framework Convention on Climate Change, Romania is included in Annex I as an industrialized country with an economy currently under transition and has been committed to a reduction in the emission of greenhouse gases during 2008 - 2012 by 8% compared to the reference year 1989. Under the Directive 2003/87/EC of the European Parliament and of the Council to improve and extend the community scheme for the trading of greenhouse gas emission certificates, the European Union countries have egaged in reducing their total greenhouse gas emissions by at least 20% by 2020 compared to the levels of the year 1990.

In Romania, this legislation is transposed by H.G. 780/14.06.2006 as subsequently amended, regarding the community scheme for the trading of greenhouse gas emission certificates in an economically efficient manner.

Enviornmental obligations

Oltchim SA holds the Integrated Environmental Authorization No.6/25.05.2015 valid until 24.05.2025.

With the sale of assets on December 7th, 2018, a transfer request was submitted to Chimcomplex Borzesti for the Integrated Environmental Authorization.

Oltchim SA holds the Water Management Permit no. 276/07.12.2016 valid until 31.12.2019, for which a transfer request has been submitted to the new buyer of the assets.

(ii) Fees

On December 31st, 2018, the Group has registered reserves of tax incentives of lei 6,843 thousand which, under the tax legislation in force on that date, will become taxable on the date of their change of destination. The impact will be of 16% applied to the equivalent of the reserves used. The Group does not intend to use these reserves, so no deferred tax related to these reserves was calculated or recorded on the reporting date.

36. COMMITMENTS AND CONTINGENCIES (continued)

(iii) Onerous contracts

Onerous contracts are considered contracts where the costs for meeting the contractual obligations exceed the resulting economic benefits. These contracted costs therefore include at least the net cost of the contract which represents the minimum of the costs of performing the contractual obligations and any compensation or penalties resulting from their non-fulfillment. On December 31st 2018, the Group is not a party to any onerous contracts.

(iv) Complaints related to non-compliant products

On December 31st 2018, the Group did not record contingent debts related to the complaints from the clients associated with non-compliant products. The management considers that the risk of such possible complaints is insignificant. During the year 2018, the Group did not conclude insurance policies against these risks.

(v) Insurance policies

On December 31st, 2018, the Group buildings and installations are partially insured.

37. FINANCIAL RISKS

(i) Currency and inflation risk

Foreign currency exchange rate fluctuations are insignificant for the Group.

According to the provisions of Law no. 85 of 2014 on the insolvency procedure, the debts of Oltchim SA expressed or consolidated in foreign currency are recorded in the list of creditors at their value in lei currency, at the rate of the National Bank of Romania on the date the insolvency proceedings are opened. So that the refinancing of debts denominated in another currency is made only for the amounts from the insolvency period, and the impact of foreign exchange differences are insignificant.

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

	Year ended on December 31st, 2018	Year ended on December 31st, 2017
Assets (current assets, less inventories)		
Monetary assets in lei	362.105	101.620
Monetary assets in foreign currency	49.063	35.448
	411.168	**137.068**
Liabilities (total liabilities acc.to balance sheet)		
Monetary liabilities in lei	687.727	896.251
Monetary liabilities in foreign currency	220.238	443.307
	907.965	**1.339.558**
Net monetary position in lei	**(325.622)**	**(794.631)**
Net monetary position in foreign currency	**(171.175)**	**(407.859)**

37. FINANCIAL RISKS (continued)

(ii) Interest rate risk

The interest rate risk is the risk that the value of a financial instrument would fluctuate as a result of the variation of the interest rates on the market.

During 2018, the Group did not conclude loan agreements with financial-banking institutions.

(iii) Credit risk

The credit risk is the risk according to which one of the parties participating in a financial instrument will not fulfill an obligation, which will cause the other party to register a financial loss.

The financial assets that bring the Group to credit risk potential concentrations comprise mainly the receivables from the core business. They are presented at the net value of the provision for the doubtful debts. The credit risk associated with receivables is limited as a result of the financial instruments used (promissory notes, checks, incasso, letter of credit) and commercial debt insurance policies.

(iv) Liquidity risk

The risk of liquidity, also called a financing risk, is the risk that an enterprise has difficulty in raising funds to meet its commitments associated with financial instruments. Liquidity risk may arise as a result of the inability to quickly sell a financial asset to a value close to the fair one. The Group's liquidity policy is to maintain sufficient assets so that it can meet its obligations on the maturity dates. Assets and liabilities are analyzed according to the remaining period up to the contractual maturities, as follows:

	Less than 1 an	**2-5 years**	**Total**
Non-interest-bearing liabilities	**244.671**	**662.473**	**907.144**
- Commercial liabilities	64.587	266.024	330.611
- Other current liabilities	180.084	396.449	576.533
Interest-bearing liabilities	**7**	**24**	**31**
- Financial Leasing	7	24	31
Cash and cash equivalents	336.830	-	336.830
Claims and other assets	74.338	-	74.338

The Group monitors the treasury flows on a daily basis and continuously updates the collection and payment forecasts in order to better manage the liquidity in the face of the financial difficulties it encounters.

38. BUSINESS 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 by Law Court Valcea, and not based on the principle of continuity of production activity and normal operation of the plants. The Reorganisation Plan 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 distinctly present the structure of the result of the current activity from the impact of the sale of the assets and the application of the provisions of the reorganization plan along with the sale of the assets.

38. BUSINESS CONTINUITY (continued)

Thus, the structure of the main indicators achieved is the following:

-th. lei-

No.	Indicators	Current activity	Assets sale results influence according to the reorganization plan and compensatory payments provision	TOTAL YEAR 2018
1	**Turnover**	**1.142.035**	**-**	**1.142.035**
2	**Total income**	**1.145.122**	**604.115**	**1.745.067**
	- operating income	1.140.952	604.115	**1.740.015**
	- financial income	4.170	-	**4.170**
3	**Total expenses**	**1.028.457**	**631.627**	**1.660.084**
	- operating expenses	1.024.346	631.627	**1.655.973**
	- financial expenses	4.111	-	**4.111**
4	**Gross result**	**116.665**	**(27.512)**	**89.153**
	- operating result	116.606	(27.512)	**89.094**
	- financial result	59	-	**59**
5	**EBITDA**	**155.801**	**(27.512)**	**128.289**
6	**Profit tax**	**20.868**	**39.862**	**60.730**
7	**Tax specific to certain activities**	**51**	**-**	**51**
8	**Net result**	**95.746**	**(67.374)**	**28.372**

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

-th. lei-

No.	Indicators	Obtained in 2018	Obtained in 2017	Differences	%
1	**Turnover**	**1.142.035**	**961.588**	**+180.447**	**+18,77**
2	**Total income, of which:**	**1.145.122**	**1.004.200**	**+140.922**	**+14,03**
	- operating income	1.140.952	1.000.866	+140.086	+14,00
	- financial income	4.170	3.334	+836	+25,07
3	**Total expenses, of which:**	**1.028.457**	**936.610**	**+91.847**	**+9,81**
	- operating expenses	1.024.346	931.646	+92.700	+9,95
	- financial expenses	4.111	4.964	-853	-17,18
4	**Gross result, of which:**	**116.665**	**67.590**	**+49.075**	**+72,61**
	-operating result	116.606	69.220	+47.386	+68,46
	-financial result	59	(1.630)	+1.689	+103,62
5	**EBITDA of the current activity**	**155.801**	**132.799**	**+23.002**	**+17,32**

The data presented above shows an improvement in 2018 compared to the year 2017 regarding the main economic and financial indicators (turnover, gross result, EBITDA) of the current activity, as follows:

- The turnover increased by lei 180 million, 19% more than in 2017;
- The gross result increased by lei 49 million, 73% more than in 2017;
- EBITDA increased by lei 23 million, 17% more than in 2017.

The export sales and the intra-Community market in 2018 have raised to euro 186 million. The intra-Community imports and acquisitions, amounting to only € 28 million, have led to a positive external balance of € 158 million for the company.

For the year 2019, the Group intends to continue the procedures for the sale of the Oltchim S.A.'s assets remaining in the patrimony, respectively:

1. The PVC II plant (pack 7 difference) located on the Rm. Valcea industrial platform;

2. The phthalic anhydride plant (pack 9) located on the Rm. Valcea industrial platform;

3. The assets (land, buildings, technological facilities, movable assets, ongoing investments, intellectual property rights) located on the Bradu - Pitesti platform, pack no. 8.

The Group, besides the sale of the assets packs remaining in the Oltchim SA's patrimony, is operating in in selling finished products, raw materials, materials, spare parts, packaging, etc. which were in stock at the date of sale of the assets, namely on 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 by Law Court Valcea, and not based on the principle of continuity of production activity and normal operation of the plants. The Reorganization Plan will be finalised in April 2019, and in the following months the company will enter the bankruptcy stage according to the law. During bankruptcy Oltchim SA 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.

39. THE REORGANIZATION PLAN

In order to achieve the reorganization plan, it was assumed that the Group will carry out its activity according to the object of activity, in two scenarios:

- ✓ Scenario A - considers the operation of Oltchim S.A. with the restarted oxo-alcohols plant;

- ✓ Scenario B - considers as a major additional objective against Scenario A, the restart of the AF-DOF section of Oltchim S.A., by identifying external financing sources.

Grupul, pana la vanzarea activelor catre Chimcomplex Borzesti, si-a desfasurat activitatea dupa scenariul A.

According to the provisions of the Reorganization Plan and based on the confirmation by the syndic judge, the amounts received from the sale of the assets were used in order to make payments to the statement of affairs account, as follows:

- Guaranteed Creditors: lei 290,586,181
- Budget Creditors: lei 62,063,238
- Essential suppliers: lei 25,647,156
- Employee creditors: 9,704,264

40. EUROPEAN COMMISSION INVESTIGATION THROUGH DG COMPETITION FOR THE 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 aproximately 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, having already the approval of the Creditors' Committee to hire a law firm to contest the decision , which considers Oltchim has relatively high chances to success.

Oltchim SA is a company in judicial reorganisation, and this decision does not clarify how can any amount 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.

At December 31, 2018 two of these companies have made the requests but did 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 table of creditors, decision to be taken by bankruptcy judge;
- currently, the law firm committed estimated that the chances of winning are positive.

Consequently, at the date of these financial statements the Group considers there is no need to record a provision and the financial statements at December 31,2018 do not include any adjustment related to this investigation.

41. EVENTS FOLLOWING THE BALANCE SHEET DATE

Approval of the appeal against the decision of the European Commission
On February 28th, 2019, the Oltchim Creditors' Committee approved the coomitment the White & Case's company in order to appeal the State Aid decision issued by the European Commission, to develop the defense strategy in the litigation to be tried at the CJUE, to represent the CJUE and to carry out all necessary measures needed to maximize the success of this action.

Changing the exchange rate
On February 28th, 2019, the exchange rate was lei 4,7416/euro and lei 4,1584/dollar. This is an impairment of the national currency by 1.64% against the euro and a 2.04% impairment against the dollar as compared to December 31st, 2018 (1 euro = lei 4.6639, 1 dollar = lei 4.0736) .

Receipts and payments of receivables and debts
Until February 28th, 2019, the Group received the amount of euro 3.153.501 and lei 21.075.803, corresponding to the commercial receivables remaining in the balance as of December 31st, 2018 and it has paid commercial debts in the amount of euro 113.128 and lei 54.887.876 of the invoices of the balance as of December 31st, 2018.

Stock market quotation
The closing price of an OLT share on December 31st, 2018 was lei 0.0368, and the market capitalization recorded on this date was lei 12,630,179.

The consolidated financial statements presented were approved by the management onMarch 22th 2019 and signed on behalf of:

Stanescu Bogdan	**Stanciugel Nicolae**
Special Administrator	Chief accountant

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Trade Register number: J/38/219/18.04.1991
Unique Registration Number: RO 1475261

THE COMPANY'S ACTIVITY REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2018

The consolidated financial statements prepared by OLTCHIM S.A. Rm. Valcea for the financial year 2018 are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union.

OLTCHIM S.A. company is a company limited by shares, headquartered in Romania. The registered office of the company is located in str. Uzinei, nr. 1, Ramnicu Valcea, zip code 240050. The affiliated companies included in the financial statements for the year 2018 have their registered office in Romania.

The consolidated financial statements on and for the year ended on December 31st 2018 refer to the Company and its subsidiary Sistemplast S.A. (94.4%). The consolidated financial statements comprise mainly the activity of OLTCHIM S.A., which is dominant within the Group, and its activity it presented in details in the Report to the Individual Financial Statements. This report contains only additional data as a result of the consolidation of the Group's financial statements.

The preparation of the consolidated financial statements is made by summing up the financial statements of the companies: OLTCHIM S.A. and Sistemplast S.A. - constituting the "Oltchim Group", and in the case of the associated companies only the profit calculated according to the contribution to the share capital is taken into consideration.

I. ANALYSIS OF THE ACTIVITY OF THE OLTCHIM GROUP

The scope of activity of the Group includes mainly the production of chlorosodic products, polyol polyethers, oxoalcohols, other chemicals, including services and technical assistance and their internal marketing and for export, according to the provisions of the Articles of Incorporation of the company.

In the chemical field, it is an Integrated Group that starts from primary raw materials: salt, water, electricity and continues with an advanced processing in order to obtain finished products.

The core production of the Group is structured into two sites:

- **The chemical platform Rm. Valcea** has in its structure the following production sections

- Membrane Electrolysis Section - produces liquid caustic soda, hydrochloric acid, sodium hypochlorite and chlorine gas;
- Chlorosodic section - produces block soda, flakes soda;
- Propene Oxide Section - Produces propenoxide;
- Polyoli section - produces polyethers and propylene glycol;
- Special Polyoli section – produces Polyethers;
- Plasticizers section - produces oxo-alcohols;
- Construction Materials Section which produces PVC RAMPLAST profiles (it operated in the management location - the Dynamic Selling Group SRL company until the sale of the related assets in June 2018).

Within the Chemical Platform Rm. Valcea operates also the SISTEMPLAST S.A. Company, which mainly performs mechanical and electro-AMA maintenance works at Oltchim S.A.

- **The Bradu-Pitesti petrochemical platform** has in its structure 2 production units (Olefine and Polymers), which during the year 2017 were under conservation.

The main economic and financial indicators of the consolidated financial statements according to the International Financial Reporting Standards (IFRS), performed by the OLTCHIM Group in 2018 compared to the year 2017, are:

- **Consolidated financial position - short form**

-thousand lei-

Indicator name	Value on 31.12.2017	Value on 31.12.2018
ASSETS		
1. Long term assets- total, of which:	**855.913**	**24**
Tangible assets	**850.998**	**-**
Intangible assets	**1.330**	**-**
Real estate investments	**3.585**	**-**
Investments in associated entities	**-**	**-**
Other investments	**-**	**24**
2. Current assets, total, of which:	**210.185**	**704.580**
Assets held for sale	**-**	**271.077**
Inventories	**73.117**	**22.335**
Trade receivables	**59.862**	**51.814**
Other assets	**77.206**	**359.354**
TOTAL ASSETS (1+2)	**1.066.098**	**704.604**
CAPTALS AND DEBTS		
3. Total capitals, of which:	**(273.460)**	**(203.361)**
- equity, of which:	**(273.451)**	**(203.350)**
Share capital	**1.018.300**	**1.018.300**
Reserves	**338.041**	**86.236**
Loss carrie forward	**(1.629.792)**	**(1.307.886)**
- Non-controllable interests	**(9)**	**(11)**
4. Long-term liabilities, of which:	**1.113.059**	**662.497**
Loans	**615.690**	**335.500**
Trading debts	**367.098**	**266.024**
Taxes and duties liabilities	**29.396**	**7.353**
Other long-term liabilities	**100.875**	**53.620**
5. Current liabilities, of which:	**226.499**	**245.468**
Trading debts	**122.407**	**64.587**
Taxes and duties liabilities	**56.085**	**137.343**
Other liabilities	**48.007**	**43.538**
TOTAL LIABILITIES AND CAPITALS (3+4+5)	**1.066.098**	**704.604**

Consolidated profit and loss account - abbreviated form

=thousand lei=

Indicator name	Value on 31.12.2017	Value on 31.12.2018
1. Income- total, of which	**986.842**	**1.174.904**
Net sales	**961.588**	**1.142.035**
2. Expenditures- total, of which:	**919.252**	**1.085.752**
Expenditures on raw materials and materials	**472.456**	**586.770**
Expenditure on energy and water	**198.385**	**197.435**
Wage expenditures	**121.171**	**123.273**
Depreciation expenditures	**92.215**	**86.395**
Other expenditures	**35.025**	**91.879**
3. Profit before tax (1-2)	**67.590**	**89.152**
4. Income tax and tax specific to certain activities	**19.833**	**(60.781)**
5. Financial year net profit (3-4)	**47.757**	**28.371**

A summary of the net result recorded by the OLTCHIM Group in the consolidated financial statements, of Lei 28.371 thousand is as follows:

- net profit registered by OLTCHIM S.A.	+28.416	thousand lei;
- net loss of Sistemplast S.A.	-45	thousand lei;
- share of the associated companies' recorded result	-	thousand lei.

On the component branches of the consolidation, the trading companies achieved the following results:

A. OLTCHIM S.A. Rm. Valcea

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

According to the Shareholders Register, the structure of the shareholders is the following:

	31.12.2017		31.12.2018	
Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
The Romanian state through The Ministry of Economy	188.100.976	54,8062	188.100.976	54,8062
PCC SE	111.005.766	32,3433	111.005.766	32,3433
Natural persons	40.452.898	11,7866	41.757.738	12,1668
Legal persons	3.651.743	1,0640	2.346.903	0,6838
TOTAL	**343.211.383**	**100**	**343.211.383**	**100**

All shares are common, subscribed and paid in full both on December 31st, 2017 and December 31st, 2018. All shares are classified pari passu (they have the same voting right) and have a nominal value of lei 0,10 /share.

Oltchim is a listed company on the Bucharest Stock Exchange.

OLTCHIM S.A. is a company the securities of which are traded on a regulated market, the Bucharest Stock Exchange, therefore, according to OMF no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to trading companies the securities of which are admitted to trading on a regulated market, having a contribution to the share capital of other companies, called subsidiaries or associates, is required to prepare consolidated financial statements.

The main economic and financial indicators achieved in 2018 compared to 2017 are:

=mii lei=

Indicator name	**Value on 31.12.2017**	**Value on 31.12.2018**
1.Income- total, of which:	**983.832**	**1.169.510**
Net sales	**961.504**	1.141.920
2.Expenditures- total	**916.267**	**1.080.313**
3.Profit before tax (1-2)	**67.565**	**89.197**
4. Income tax and tax specific to certain activities	**19.833**	**60.781**
5. Financial year net profit (3-4)	**47.732**	**28.416**

B. SISTEMPLAST S.A. RM. VALCEA

The company was founded on 12.02.1999. The registered office of the company is in Ramnicu Valcea, Str.Uzinei, nr.1. The main activity since 2016 is to carry out maintenance and repair works.

The share capital is lei 7.700.162, with the following structure of the shareholders:

- OLTCHIM S.A.	94,40%
- Charity Holdings S.A.	5,20%
- other shareholders	0,40%

The company had collaborative relationships with Oltchim S.A. as well as with other third party companies. The main economic and financial indicators achieved in 2018 compared to 2017 are:

-mii lei-

Indicator name	**Valoare la 31.12.2017**	**Valoare la 31.12.2018**
1.Income- total, of which:	**9.689**	**12.347**
Net sales	84	115
2.Expenditures- total	**9.664**	**12.391**
3.Profit before tax (1-2)	**25**	**(45)**
4. Income tax and tax specific to certain activities	**-**	**-**
5. Financial year net profit (3-4)	**25**	**(45)**

The loss from 2018 is determined by the provision recorded in accordance with IFRS based on the actuarial calculation of employee future benefits according to the Collective Labor Agreement, in amount of 166 thousand lei. Without this provision, strictly from ordinary activities Sistemplast registered a profit in 2018 amounted to 122 thousand lei.

Improvment of financial results from operating activity of Sistemplast is determined by the increase in both volume and value of the servises rendered, the company increasing in 2018 compared to 2017:

- with 37% the value of the services rendered to OLTCHIM.S.A.;
- with 15% of the value of the services rendered to third parties.

The share in the total income of the works performed by OLTCHIM S.A. fell from 67% in 2017 to 70% in 2018.

In 2018 SISTEMPLAST S.A. increased its total income by about 29% and improved its profit.

II. ASSOCIATED COMPANIES- DECRIPTION

For the associated companies, where OLTCHIM holds between 20% and 50% of the share capital, for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, only the calculated profit depending on the contribution to the share capital is taken into account.

Company	***Shares owned (%)***	***Net value of the participation OLTCHIM (lei)***
1. Euro Urethane SRL– Rm. Valcea	41,28%	-
2. Oltquino SA – Rm. Valcea	46,64%	-
3. Protectchim SRL – Rm.Valcea	30,00%	-

Euro Urethane SRL is a company in which Oltchim S.A. owns 41,28% of the share capital, the remaining 58,72% being owned by PCC SE.

The registered office of the company is in Ramnicu Valcea, Str.Uzinei. nr.1. The object of activity is the manufacture of toluendiisocyanate, provision of services for the protection of parts, installations, transport means. Currently, the company does not carry out any activity.

	Deceber 31st 2018 ***thousand lei***
Share capital:	5.611
Total shares	4.283
Total liabilities	27
Total income	122
Total expenditures	1.166
Profit/ (loss) of 2018	(1.044)

Oltquino SA is a joint venture established on 19.12.1994, having as shareholders Oltchim SA with 46,64% of shares, Inquinosa Spain with 52,99% of shares and Spanish natural persons 0,37%.

The registered office of the company is in Ramnicu Valcea, Str.Uzinei. nr.1. The main object of activity is the production and marketing of chemical products.

	December 31st 2018
	thousand lei
Share capital:	2.035
Total shares	335
Total liabilities	62
Total income	4
Total expenditures	25
Profit/ (loss) of 2018:	(21)

In 2018, the company did not have any production activity.

Protectchim SRL is a company founded on 27.02.2003, in which Oltchim holds 30% of the share capital, the rest being owned by individuals.

The registered office of the company is located in Ramnicu Valcea, Str. Uzinei nr. 1. The company was founded by outsourcing the "Rubberizing" and "Constructions-Investments" activities belonging to Oltchim S.A. Rm Valcea. The object of activity is the provision of construction services, insulation works and anticorrosive protection.

During the period 2014-2015, the investment in Protectchim became uncertain, being diminished to 7.5% by the capital increase made by this company without granting Oltchim S.A. the right of preference.

In December 2016, Oltchim S.A.'s participation in Protectchim returned to 30% following the provisions of the Decision no. 11.096/20.12.2016 issued by the Trade Register Office of the Valcea Tribunal.

The Protectchim Company went insolvent since 08.03.2017, according to the Decision no.353/08.03.2017, pronounced in file no.2263/90/2016, submitted on 01.08.2016 with the Valcea Tribunal.

	December 31st 2018
	thousand lei
Share capital:	300
Total shares	10.345
Total liabilities	27.296
Total income	1.447
Total expenditures	3.948
Profit/ (loss) of 2018:	(2.501)

In view of the above, we submit for the analysis and approval by the General Meeting of Shareholders the Activity Report of the Company on the Consolidated Annual Financial Statements concluded for the year 2018.

Stanescu Bogdan	**Stanciugel Nicolae**
Special Administrator	Chief Accountant

OLTCHIM S.A.

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Cod unic de inregistrare: RO 1475261
Societate în reorganizare judiciară, in judicial reorganisation, en redressement

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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 developement 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 uncertainities specific to the activity carried out.

Bogdan Stanescu
Special Administrator

Stanciugel Nicolae
Chief Accountant