

TERAPLAST SA

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2017**

**Prepared in accordance with the International Financial Reporting
Standards as adopted by the European Union**

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TERAPLAST SA
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 for the 6 month period ended 30 June 2017
 (all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	6 month period ended 30 June 2017	6 month period ended 30 June 2016
		RON	RON
Turnover	4	171,671,498	192,759,524
Other operating income		419,701	318,633
Changes in inventories of finished and semi-finished goods		6,219,534	7,441,635
Raw materials, consumables and commodities used	5	(125,834,676)	(132,497,012)
Employee benefits expense	6	(18,052,984)	(17,889,661)
Amortization and adjustments for depreciation of non-current assets, net		(8,251,796)	(7,518,985)
Adjustments for the depreciation of current assets, net		(358,738)	2,137,668
Provisions (set)/ reversed, net		2,049,825	(138,554)
Gains / (Losses) from assets disposed of		62,757	(232,514)
Gains from the fair value measurement of investment property		335	
Other expenses	7	(17,479,594)	(21,293,918)
Operating result		10,445,862	23,086,816
Interest expenses, net		(479,765)	(545,500)
Other financial expenses, net		(407,487)	(730,534)
Income from dividends		81,045	
Financial result		(806,207)	(1,276,034)
Share of the related profit or loss of the joint venture accounted for using the equity method		(270,172)	934,777
Profit before tax		9,369,483	22,745,559
Income tax expense		(1,479,224)	(3,679,851)
Profit for the financial year		7,890,259	19,065,708
Total comprehensive income		7,890,259	19,065,708
Attributable to equity holders of the parent		7,817,718	19,015,425
Non-controlling interests		72,541	50,283
Comprehensive income for the year		7,890,259	19,065,708
Number of shares		566,432,660	377,621,770
Result per share		0.01	0.05

TERAPLAST SA
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 month period ended 30 June 2017
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

The consolidated turnover of Teraplast group amounted to 172 million RON in S1/2017, 11% smaller than in S1/2016, on one hand, on the background of falling sales in the segments affected by the lack of state investments of generated by giving up important clients facing financial difficulties and, on the other hand, on the background of increasing sales on the heat insulating panels and metallic structures segment. The largest weight of the consolidated revenues is represented by the heat insulating panels and metallic structures segment at 38%, followed, in order, by Installations and improvements, Granules, Joinery profiles and Heat insulating joinery.

The consolidated operating result for S1/2017 has reached RON 10 million, decreasing from the level registered in S1/2016. The main causes of this decline are:

- smaller sales,
- larger depreciation because of the investments made,
- increasing the price of raw materials compensated only partially by the increase of sales prices,
- fixed expenses similar to those in 2016, especially salary expenses, because the Group has decided to keep the production employees, despite the decrease in orders.

The financial results in S1/2017 at Teraplast group level have remained negative, yet they were 37% better than in the same period of last year.

The evolution of profit before tax is similar with the evolution of net profit, namely these indicators decreasing in S1/2017 as compared to S1/2016 by 59%.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as of 30 June 2017
 (all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	30 June 2017	30 June 2016
		RON	RON
ASSETS			
Non-current assets			
	8,9	218,455,845	157,570,491
Property, plant and equipment		155,672,199	133,697,562
Investment property		9,791,568	9,755,015
Intangible assets		1,392,351	1,371,603
Goodwill		20,681,625	
Equity accounted investees		30,900,994	12,685,958
Other financial long-term investments		17,108	60,353
Current assets			
	10	211,877,448	149,336,024
Inventories		89,086,663	67,058,627
Trade and other receivables		97,701,840	65,918,851
Prepayments		934,252	326,173
Cash and short term deposits	11	24,154,693	16,032,373
Total assets		<u>430,333,293</u>	<u>306,906,515</u>
Equity and liabilities			
Equity			
	13	215,640,841	216,923,646
Share capital:		56,643,266	56,643,266
Other capital reserves			450,980
Share premium		27,384,726	27,384,726
Revaluation reserves		21,741,822	21,741,823
Legal reserves		12,407,037	12,407,036
Retained earnings		97,088,656	97,961,117
Capital attributable to non-controlling interests		<u>215,265,507</u>	<u>216,588,948</u>
Non-controlling interests		375,334	334,698
Total equity		<u>215,640,841</u>	<u>216,923,646</u>
Long-term liabilities			
	14	64,616,346	17,313,185
Interest bearing credits and loans		57,659,459	10,504,823
Liabilities for employee benefits		351,936	351,936
Investment subsidies – non-current portion		3,157,466	2,928,558
Deferred tax liabilities		3,457,485	3,527,868
Current liabilities			
	15	150,076,106	72,669,684
Trade and other payables		102,121,250	53,041,025
Loans and finance lease liabilities	14	45,924,851	15,919,114
Income tax payable		1,023,010	189,284
Investment subsidies – current portion			463,441
Provisions		1,006,995	3,056,820
Total liabilities		<u>214,692,452</u>	<u>89,982,869</u>
Total equity and liabilities		<u>430,333,293</u>	<u>306,906,515</u>

TERAPLAST SA
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of 30 June 2017
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

The non-current assets Teraplast group have increased by 42% as of 30 June 2017 as compared to 31 December 2016, on the background of the increase of tangible assets, but especially due to the increase of financial investments.

The increase of inventories and trade receivables, but also the doubling of available cash have led to an increase of the current assets of Teraplast group by 20% as of 30 June 2017 as compared to 31 December 2016.

Equity has increased to 11%, up to RON 216 million in S1/2017 as compared to S1/2016, mainly because of the share capital increase of the parent entity of Teraplast.

The group's interest bearing loans have increased from RON 81 million as of 31 December 2016 to RON 160 million as of 30 June 2017, on the background of contracting new bank loans for investments into tangible and financial loans.

These interim condensed consolidated financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the 6 month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Subscribed share capital	Other equity elements	Legal reserves	Revaluation reserves	Share premium	Cumulated retained earnings	Capital attributable to equity holders of the parent	Non- controlling interests	Total
Balance as of 1 January 2017	56,643,266	450,980	12,407,036	21,741,823	27,384,726	97,961,117	216,588,948	334,698	216,923,647
Result for the year						7,817,718	7,817,718	72,541	7,890,259
Increases/Decreases								(31,905)	(31,905)
Other equity elements						527,402	527,402		527,402
Gains related to the sale of own shares						(61,711)	(61,711)		(61,711)
Repurchase of own shares						512,707	512,704		512,707
Benefits to employees in the form of financial instruments / Share-based transactions		(450,980)					(450,980)		(450,980)
Dividends payable						(9,668,577)	(9,668,577)		(9,668,577)
Balance as of 30 June 2017	56,643,266	-	12,407,036	21,741,823	27,384,726	97,088,656	215,265,507	375,334	215,640,842

During the OSGM from 27 April 2017, it was decided to grant dividends from the profit of 2016 amounting to RON 9,572,712, the proposed gross dividend/share amounting to RON 0.0169.

TERAPLAST SA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the 6 month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Total share capital	Other capital reserves	Share premium	Revaluation reserves	Legal reserves	Retained earnings	Capital attributable to controlling interests	Non-controlling interests	Total equity
	RON	RON	RON	RON	RON	RON	RON	RON	RON
Balance as of 1 January 2016	28,887,588	950,500	27,384,726	18,566,192	9,853,112	97,590,866	183,232,984	200,122	183,433,106
Result for the year	-	-	-	-	-	39,281,595	39,281,595	134,576	39,416,171
Other comprehensive income	-	-	-	2,500,219	-	-	2,500,219	-	2,500,219
Total comprehensive income	-	-	-	2,500,219	-	39,281,595	41,781,814	134,576	41,916,390
Increase in share capital	27,755,678	-	-	-	-	(27,755,678)	-	-	-
Set-up of legal reserves	-	-	-	-	2,553,924	(2,553,924)	-	-	-
Acquisition of own shares	-	-	-	-	-	(512,706)	(512,706)	-	(512,706)
Benefits to employees in the form of financial instruments	-	-	-	-	-	-	-	-	-
Reserves representing realized revaluation surplus	-	-	-	675,412	-	-	675,412	-	675,412
Cash dividends	-	-	-	-	-	(7,930,057)	(7,930,057)	-	(7,930,057)
Other equity elements	-	-	-	-	-	(158,979)	(158,979)	-	(158,979)
Balance as of 31 December 2016	56,643,266	450,980	27,384,726	21,741,823	12,407,036	97,961,117	216,588,948	334,698	216,923,646

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CEO

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TERAPLAST SA
 INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 for the 6 month period ended 30 June 2017
 (all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Period ended as at 30 June 2017	Period ended as at 30 June 2016
Cash flows from operating activities		
Profit before tax	9,369,483	22,745,559
Interest expenses	480,648	546,764
Interest income and other financial revenues	(883)	(1,264)
Loss from the sale or disposal of fixed assets	(62,757)	(232,514)
Loss from the impairment of trade receivables	104,962	(3,090,177)
Adjustment of expenses with inventory impairment provisions	253,776	3,229,928
Amortization and depreciation of long-term assets	8,251,796	7,518,985
Adjustment of provision for risks and charges	(2,049,825)	115,916)
Share of the profit of the joint venture accounted for using the equity method	270,172	(934,777)
Loss from investment property valuation	(335)	
Investment income		
Revenues from operating subsidies for other operating expenses	(234,533)	(233,633)
Loss on sale of shares	61,711	
	16,444,215	29,664,787
Movements in working capital		
Increase of trade and other receivables	(32,496,030)	(402,457)
Increase in inventories	(22,281,812)	(24,367,375)
Increase of trade and other payables	49,243,527	12,317,205
Interest paid	(480,648)	(546,764)
Interest received	883	1,264
Income tax paid	(715,879)	(3,342,221)
Cash generated by operating activities	9,714,256	13,324,439
Cash flow used in investment activities		
Payments related to tangible assets	(28,874,683)	(5,206,960)
Receipts from the sale of tangible assets	148,914	95,961
Repurchase of own shares	(512,689)	-
Dividends received	61,711	
Net cash used in investment activities	(29,157,413)	(5,110,999)
Cash flows used in finance activities		
Net receipts / net reimbursements of loans	77,150,373	(896,207)
Financial lease payments	(845,351)	(1,195,592)
Dividends paid	(9,572,712)	(6,741,935)
Obtaining non-controlling interests	(39,166,833)	-
Net cash generated by/(used in) finance activities	27,565,477	(8,833,734)
Net increase in cash and cash equivalents	8,122,320	620,294
Cash and cash equivalents at the beginning of the financial year	16,032,373	12,555,770
Cash and cash equivalents at the end of the financial year	24,154,693	11,935,476

These interim condensed consolidated financial statements were approved on 28 July 2017.

Mirela Pop
 CEO

Ioana Birta
 CFO

1. GENERAL INFORMATION

These are the interim condensed consolidated financial statements of the Teraplast Group. The consolidation perimeter includes the companies Teraplast S.A. ("Parent"), Terasteel SA ("subsidiary"), Teraglass Bistrita SRL ("subsidiary"), Teraplast Logistic SRL ("subsidiary"), Terapast Hungaria KFT ("subsidiary"), Terasteel Doo Serbia ("subsidiary"), as well as Politub SA and Depaco SRL ("joint ventures").

Teraplast SA ("the Company") is a joint stock company established in 1992. The Company's head office is in the „Teraplast Industrial Park”, DN 15A (Reghin-Bistrita), Bistrita-Nasaud County, Romania.

The Company's main activities include the production of PVC pipes and profiles, plasticized and rigid granules, polypropylene pipes, fittings and the trading of cables, polyethylene pipes, and steel parts.

Starting 2 July 2008, the company Teraplast is listed at the Bucharest Stock Exchange under the symbol TRP.

The Company holds 50% of the shares of Politub SA (Politub). The main activities of Politub SA include the production of pipes from average and high density polyethylene for water, gas transport and distribution networks, but also for telecommunications, sewerage systems or irrigations. Prior to the transition to IFRS1, Politub was classified as jointly-controlled entity. Starting with 1 January 2014 (the date of transition to IFRS 11), the Group has decided to classify Politub as joint venture, the consolidation of which requires the equity method.

In March 2007, the Parent became the major shareholder of Terasteel SA (Terasteel-subsidiary) through the purchase of 52.77% of the shares. As of 31 December 2013, Teraplast's holding in Plastsistem increased to 78.71%. During the period February-October 2015, Teraplast SA purchased from natural persons 19.24% of Plastsistem SA's share capital and, therefore, as of 31 December 2015, the percentage held by Teraplast SA in Plastsistem SA reached 97.95%.

The Company holds another subsidiary, Teraglass Bistrita SRL which was established in 2011 and it operated for a few months, having as scope of business the production and trading of PVC and aluminum windows and doors. In August 2011, Teraplast SA has reintegrated in its activity the production and trading of PVC and aluminum heat insulating glass, windows and doors, as the activity of Teraglass Bistrita SRL ceased until March 2015 when, following the transfer of the Insulated Joinery business line within the Parent entity, Teraglass Bistrita SRL, it recommenced its activity.

On 26 November 2015, the Board of Directors approved through a Decision Teraplast SA's participation as shareholder, together with Terasteel SA, in setting a limited liability company having head office in Romania, to take over the logistics activity of the companies within Teraplast Group. The investment by Teraplast SA in this company is of 99%.

On 29 September 2016, the Board of Directors approved through a Decision Teraplast SA's participation as a sole shareholder, in setting a limited liability company in Hungary.

In January 2017, the Board of Directors approved the setting up of a subsidiary (100% owned by Teraplast SA) in Serbia. By 30 June 2017, the Company has subscribed and paid in full the share capital amounting to Euro 10,000.

On 1 March 2017, Teraplast has concluded a contract with the shareholders Depaco SRL to purchase 50% of its capital shares. The transaction was finalized after its approval by the Teraplast SA Shareholders' General Meeting and after receiving the agreement from the Competition Council in Romania.

In June 2017, the BA of Teraplast SA has agreed by principle to purchase 10% more of Depaco SRL, thus becoming the major shareholder.

The interim condensed consolidated financial statements of the Group for the period ended 30 June 2017 have not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting*.

Basis of preparation

The consolidated financial statements incorporate the financial statements of the parent, of its subsidiaries, and of the joint venture. Control is acquired when the Company has the power to govern the financial and operational policies of an entity in order to obtain benefits from the activity of the latter.

Where necessary, corrections are made on the subsidiary financial statements in order to bring its accounting policies in line with those applied by the Group.

All intra-group transactions, intercompany balances and revenues and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of the consolidated subsidiaries are disclosed separately from the capital that the Group holds in it. The non-controlling interests consist in the sum of these interests on the date of the initial business combination and the part held by the non-controlling interests in the changes in equity starting the combination date.

The accounting policies and valuation methods adopted for the preparation of the interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements of Teraplast SA as at 31 December 2016, excepting the following amended standards, which were adopted by the Company as at 1 January 2017, but had no significant impact on these financial statements:

- IAS 12: *Recognition of Deferred Tax Assets for Unrealized Losses* (amendments)
- IAS 7: *Disclosure Initiative* (amendments)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group's part of the assets, liabilities, revenues and expenses of the jointly-controlled entity have been combined with the equivalent items from the consolidated financial statements, line by line.

After the adoption of IFRS 11, the Group has decided for Politub SA to be classified as joint venture, according to IFRS 11, providing the accounting of the joint venture by using the equity method.

The transition was applied retrospectively, as provided by IFRS 11, so the comparative financial information for the immediately prior period have been restated.

Going concern

These financial statements have been prepared under the going concern basis, which implies that the Company will continue its activity in the foreseeable future. In order to assess the applicability of this assumption, management analyzes the forecasts concerning future cash inflows.

The budget prepared by the Group management and approved by the Board of Administration for 2017 indicates positive cash flows from the operating activities, an increase in sales and profitability directly leading to improving the liquidity. Based on these analyses, management believes that the Group will be able to continue its activity in the foreseeable future and, consequently, the application of the going concern principle in the preparation of the financial statements is justified. .

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1. Judgments

In the process of applying the Group accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Investment properties

The Group has certain assets which management has decided to reclassify as investment properties, as the Group generates revenue from their rental or they are kept for subsequent sale.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income, less those recognized in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The Group engaged independent valuation specialists to assess fair value as at 31 December 2015 and as at 31 December 2016.

Investment properties (land and buildings) were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Non-current assets representing land and buildings were valued at 31 December 2016 using an independent certified valuator which determined their fair value by using valuation methods in line with the Valuation Standards:

- For land the market approach was used;
- For buildings the cost method adjusted using the valuation using the income and market approach, where applicable, was used.

Impairment of intangible and tangible assets

To determine whether the impairment related to an intangible or tangible asset must be recognized, significant judgment is needed. To take this decision, for each cash generating unit (CGU), the Group compares the carrying amount of these intangible or tangible assets, to the higher of the CGU fair value less costs to sell and its value in use, which will be generated by the intangible and tangible assets of the cash generating units over the remaining useful life. The recoverable amount used by the Group for each cash generating unit for impairment measuring purposes was represented by its value in use.

The Group analyzed the internal and external sources of information and reached the conclusion that there are no indications concerning the impairment of assets. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.

Pension benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various actuarial assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on mortality tables provided by the mortality tables issued by the National Institute of Statistics. The salary increase rates is considered to be constant.

The salary increase rate is constant on the average and long term, identifying the following periods – 5% first year increase – 3% for the following increase year, and for the following years – 2%. The discount rate is the RON interest rate curve without adjustments as provided by EIOPA for December 2016. The employee rotation in the last year was considered to be constant in time.

4. REVENUES AND OPERATING SEGMENTS

Details of the earnings before interest, impairment and amortization (EBITDA) for each six month reporting period in 2015 and 2016, respectively.

	Six month period ended 30 June 2017	Six month period ended 30 June 2016
Net result	7,890,259	19,065,708
Amortization/depreciation expense	(8,504,846)	(7,883,616)
Impairment expense	36,704	2,812,682
Interest expense	(480,648)	(546,764)
Current and deferred income tax charge/revenue	(1,479,224)	(3,679,851)
EBITDA	18,318,273	28,363,257

An analysis of the Group revenues is detailed below:

	Six month period ended 30 June 2016	Six month period ended 30 June 2017
Sales from own production	163,680,830	155,331,080
Income from sale of commodities	29,291,076	17,430,846
Revenues from other activities	1,088,754	567,519
Commercial discounts awarded	(1,301,136)	(1,657,947)
Total	192,759,524	171,671,498

4. REVENUES AND OPERATING SEGMENTS (continued)

The information on the operational policy as reported to the responsible parties from the perspective of resource allocation and segment performance analysis is classified according to the type of products delivered. The reporting segments of the Group have been determined according to:

- The nature of the products and services
- The nature of the production processes
- The type or category of clients for products and services
- Methods used for distributing the products or providing the services

Year ended 30 June 2016	Installations and fittings	Joinery profiles	Granules	Insulated joinery	Thermal insulation panels and metallic structures	Total
Total Group revenue	75,034,507	20,317,340	33,368,231	12,186,546	52,171,533	193,078,157

Year ended 30 June 2017	Installations and fittings	Joinery profiles	Granules	Insulated joinery	Thermal insulation panels and metallic structures	Total
Total Group revenue	53,583,782	22,524,978	22,881,234	8,493,453	64,607,751	172,091,199

5. RAW MATERIALS, CONSUMABLES USED AND COMMODITIES

	Six month period ended 30 June 2017	Six month period ended 30 June 2016
Raw material expenses	106,058,859	109,245,064
Consumable expenses	6,382,138	7,452,963
Commodity expenses	13,078,099	15,371,496
Consumed packaging	315,580	427,489
Total	125,834,676	132,497,012

6. EMPLOYEE BENEFIT EXPENSES

	Six month period ended 30 June 2017	Six month period ended 30 June 2016
Wages	14,147,813	14,062,191
Contributions to the public social security fund	3,240,010	3,267,018
Meal tickets	665,161	583,090
Other employee benefits	-	(22,638)
Total	18,052,984	17,899,661

7. OTHER EXPENSES

	Six month period ended 30 June 2017	Six month period ended 30 June 2016
Transport expenses	5,628,993	7,493,906
Expenses with utilities	2,537,786	2,963,343
Expenses with third party services	4,223,313	2,811,186
Expenses with compensations, fines and penalties	40,702	41,833
Entertainment, promotion and advertising expenses	1,070,038	1,200,059
Other general expenses	1,339,752	4,185,477
Expenses with other taxes and duties	508,095	463,453
Repair expenses	716,466	494,870
Travelling expenses	439,659	442,947
Rent expenses	307,272	374,101
Mail and telecommunication expenses	247,705	183,466
Insurance premium expenses	419,813	639,277
Total	17,479,594	21,293,918

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Tools and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
COST						
Balance as at 1 January 2016	9,363,522	64,532,109	174,912,704	1,469,168	3,087,769	253,365,272
Increases:	-	-	256,348	-	13,016,196	13,272,544
Out of which:	-	-	-	-	1,240,942	1,240,942
Increases from the internal production of non-current assets	-	-	-	-	-	-
Increases from value adjustments with impact on reserves	456,759	2,807,124	-	-	-	3,263,883
Increases from revaluation with impact on the profit and loss account	-	79,163	-	-	-	79,163
Transfers in/from tangible assets in progress	-	690,573	11,140,840	65,289	(11,894,031)	2,671
Transfers in/from other fixed asset categories	-	-	-	-	-	-
Transfers from inventory items	-	-	41,676	-	-	41,676
Transfers – investment properties	1,659,152	892,913	-	-	-	2,552,065
Elimination of accumulated depreciation	(1,037)	(6,128,890)	-	-	-	(6,129,927)
Elimination of revaluation depreciation	-	(1,028,027)	-	-	-	(1,028,027)
Disposals and other decreases	-	(6,493)	(1,711,210)	(41,802)	(111,629)	(1,871,134)
Balance as of 31 December 2016	11,478,396	61,838,472	184,640,358	1,492,654	4,089,305	263,548,186
Balance as at 1 January 2017	11,478,396	61,838,472	184,640,358	1,492,654	4,089,305	263,548,186
Increases:	-	6,951,433	15,144,677	45,830	9,459,633	31,601,573
Out of which:	-	-	-	-	-	-
Increases from the internal production of non-current assets	-	-	-	-	-	-
Increases from value adjustments with impact on reserves	-	-	-	-	-	-
Increases from revaluation with impact on the profit and loss account	-	-	-	-	-	-
Transfers in/from tangible assets in progress	-	197,087	2,896,268	17,919	(3,111,274)	-
Transfers in/from other fixed asset categories	-	-	-	-	-	-
Transfers from inventory items	-	-	-	-	-	-
Transfers – investment properties	-	-	-	-	-	-
Elimination of accumulated depreciation	-	-	-	-	-	-
Elimination of revaluation depreciation	-	-	-	-	-	-
Disposals and other decreases	-	(60,981)	(382,675)	(2,990)	-	(446,646)
Balance as at 30 June 2017	11,478,396	68,926,011	202,307,629	1,553,413	10,437,664	294,703,113

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2017
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Land	Buildings	Plant and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
	RON	RON	RON	RON	RON	RON
ACCUMULATED DEPRECIATION						
Balance as at 1 January 2016	692	9,095,617	113,299,996	904,252	-	123,300,557
Depreciation recorded during the year	345	2,416,281	12,667,552	132,998	-	15,217,176
Elimination of accumulated depreciation for revalued assets	(1,037)	(6,128,890)	-	-	-	(6,129,927)
Elimination of accumulated depreciation for NBV revaluation	-	(1,028,027)	-	-	-	(1,028,027)
Disposals and decreases	-	(3,195)	(1,289,165)	(41,807)	-	(1,334,167)
Impairment	-	(297,391)	80,727	-	-	(216,664)
Transfers to/from other fixed asset categories	-	-	-	-	-	-
Transfers from inventory items	-	-	41,676	-	-	41,676
Balance as of 31 December 2016	-	4,054,395	124,800,786	995,443	-	129,850,624
Balance as at 1 January 2017	-	4,885,579	125,248,611	996,951	-	131,131,141
Depreciation recorded during the year		1,383,967	7,051,242	67,010		8,502,220
Elimination of accumulated depreciation for revalued assets						
Elimination of accumulated depreciation for NBV revaluation						
Disposals and decreases		(12,704)	(333,703)	(2,990)		(349,397)
Impairment		(221,673)	(31,377)			(253,050)
Transfers to/from other fixed asset categories						
Balance as at 30 June 2017	-	6,035,169	131,934,774	1,060,971	-	139,030,914
Net carrying amount as at 1 January 2017	11,478,396	57,784,077	59,839,572	497,212	4,098,305	133,697,562
Net carrying amount as at 30 June 2017	11,478,396	62,890,842	70,372,855	492,442	10,437,664	155,672,199

The increase by RON 31,150 thousand recorded during the period January – June 2017 under cost of tangible assets consists in:

- RON 19,850 thousand – purchase of buildings and tools in Serbia;
- RON 8,190 thousand – inflows to Teraplast SA as a result of the 2017 investment program initiation (recycling section, transformer station, purchase of joinery profile molds, ledge extrusion line, concrete platform, pipe (PVC) section coolers).

9. INTANGIBLE ASSETS

	Licenses	Intangible assets in progress	Total
	RON	RON	RON
Balance as at 1 January 2016	5,161,665	195,575	5,357,242
Increases	100,245	629,086	729,331
Transfers	810,606	(810,606)	-
Disposals and other decreases	(42,318)	(7,437)	(49,775)
Balance as of 31 December 2016	6,030,198	6,618	6,036,816
Balance as at 1 January 2017	6,030,198	6,618	6,036,816
Increases	10,678	178,912	-
Transfers	78,743	(78,743)	-
Disposals and other decreases	(17,542)	-	-
Balance as at 30 June 2017	6,102,077	106,787	6,208,864
Accumulated amortization			
Balance as at 1 January 2016	4,277,715	-	4,277,715
Amortization expense	429,687	-	429,687
Decreases	(42,189)	-	(42,189)
Balance as of 31 December 2016	4,665,213	-	4,665,213
Balance as at 1 January 2017	4,665,213	-	4,655,213
Amortization expense	168,842	-	168,842
Decreases	(17,542)	-	(17,542)
Balance as at 30 June 2017	4,816,513	-	4,816,513
Net book value			
As at 31 December 2016	1,364,984	6,619	1,371,603
As at 30 June 2017	1,285,564	106,787	1,392,351

10. INVENTORIES

	<u>30 June 2017</u>	<u>31 December 2016</u>
Finished goods	31,088,919	25,576,825
Raw materials	36,129,475	32,903,780
Commodities	4,167,032	3,881,949
Consumables	2,796,830	2,341,688
Inventory items	220,627	203,891
Semi-finished goods	870,020	824,489
Residual products	179,688	148,219
Goods to be purchased	13,474,546	1,035,561
Packaging	159,526	142,225
Inventories – net value	<u>89,086,663</u>	<u>67,058,627</u>

11. CASH AND CASH EQUIVALENTS

	<u>30 June 2017</u>	<u>31 December 2016</u>
Cash in bank	23,988,461	15,897,956
Cash on hand	129,619	97,343
Cash equivalents	36,613	37,074
Total	<u>24,154,693</u>	<u>16,032,373</u>

12. TRADE AND OTHER RECEIVABLES

	<u>30 June 2017</u>	<u>31 December 2016</u>
Trade receivables	70,203,980	55,265,191
Non-chargeable trade notes	25,446,719	21,985,538
Advances paid to suppliers of assets	15,314,980	851,042
Advances paid to suppliers of inventories and services	3,012,748	4,335,896
Advances paid to employees	1,079	(1,102)
Other receivables	1,886,391	1,687,773
Adjustments for trade receivables impairment	(18,164,057)	(18,205,487)
Total	<u>97,701,840</u>	<u>65,918,851</u>

The advances paid are in accordance with the 2017 investment program and the contracts signed with agreed suppliers of tangible assets. Out of the total RON 15,310 thousand:

- RON 7,940 thousand are advances paid to Terasteel Doo for equipment
- RON 7,370 thousand are advance paid to Teraplast SA as follows: RON 2,170 thousand for a PVC recycling system, RON 1,560 thousand for design and execution of transformer station and RON 2,40 thousand as advances paid for a Rigid material granulating line and joinery profile molds.

13. INVESTMENTS AND SOURCES OF FINANCING

The share capital called-up and paid in as at 30 June 2017 is RON 56,643,266. The shareholding structure is as follows:

	31 December 2016			30 June 2017		
	Number of shares	Nominal value <u>Total</u>	%	Number of shares	Nominal value <u>Total</u>	%
Goia Dorel	264,955,049	26,495,505	46.78	265,205,049	26,520,505	46.82
KJK Fund II Sicav-SIF	56,863,685	5,686,369	10.04	56,863,685	5,686,369	10.04
Marley Magyarország (Gemencplast Szekszard)	44,874,446	4,487,445	7.92	44,874,446	4,487,445	7.92
Fondul de Pensii Administrat Privat NN/NN Pensii S.A.F.P.A.P S.A	37,707,112	3,770,711	6.66	37,707,112	3,770,711	6.66
Other individuals and legal entities	162,032,368	16,203,236	28.61	161,782,368	16,178,236	28.56
TOTAL	566,432,660	<u>56,643,266</u>	<u>100.00</u>	566,432,660	<u>56,643,266</u>	<u>100.00</u>

As at 31 December 2016 and 30 June 2017, the value of the share capital called-up and paid in of the Company included 566,432,660 authorized shares issued and paid in full at a value RON 0.1 and having a total nominal value RON 56,643,266. Common shares bear a vote each and give right to dividends.

On 28 April 2016, under the ESGM decision, the increase in the share capital by RON 18,881,089 through the issue of 188,810,890 new shares with a nominal value RON 0.01/share, was approved.

The share capital increase was recorded with the Bistrita Nasaud Trade Register Office under the Confirmation of Company Details no. 2853/9 February 2016 and with the FSA, Instruments and Financial Investments Sector under the Security Interest Registration Certificate no. AC-3420-3 of 24.02.2016.

Under the ESGM Decision dated 7 December 2015, the redemption by Teraplast SA of at most 2,000,000 own shares at a minimum price equal to the Bucharest Stock Exchange market price and a maximum price RON 1/share.

The redeemed shares will be used for the implementation of a remuneration system ensuring compliance with the principle of the long-term performance and of an employee loyalty program.

During the period February-March 2016, 840,947 own shares were redeemed, for a total transaction value RON 478,248. The shares redeemed this way were distributed to the executive management of Teraplast SA as part of the "Employee stock plan" in May 2016.

14. LOANS

	Short-term		Long-term	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Banca Transilvania	42,690,775	835,877	33,406,274	-
BRD	3,630,533	599,061	4,936,381	4,534,430
Unicredit Tiriac Bank	1,878,315	1,880,537	3,137,560	4,074,496
Porsche Bank	191,482	321,853	21,078	33,789
Raiffeisen Leasing	3,923,959	-	-	-
Leasing	1,310,768	1,576,893	503,782	537,282
Total	53,625,833	5,214,220	42,005,075	9,179,997

The bank loans per companies as at 30 June 2017 were as follows:

TERAPLAST

- A. An investment contract signed with BRD on 24.05.2016 and expressed in RON. The total approved amount was RON 13,500,000. The outstanding amount as at 30 June 2017 is RON 7,016,026.48 (30 December 2016 is RON 5,133,317.33). The maturity is 24 May 2022. Accrued interest as at 30 June 2017 is RON 2,061.68.
- B. A credit contract – credit line for supporting the current activity, resigned with Unicredit Tiriac Bank on 1 October 2013 and expressed in RON. The amount is EUR 2,800,000, resulting from the decrease of the amount EUR 4,800,000 (a loan formed by combining the revolving credit signed with Unicredit on 4 September 2006 in an amount EUR 3,500,000 and the short-term loan for working capital financing in amount EUR 1,300,000) by EUR 3,000,000 and the supplementation by EUR 1,000,000 of 28 November 2014, split as follows: EUR 2,000,000 – a credit line portion usable in RON and EUR 800,000 – a credit line portion usable in EUR. The outstanding amount for this contract as at 30 June 2017 was RON 0 for the credit line usable in RON (31 December 2016: RON 0) and RON 0 (EUR 0) for the credit line usable in EUR (31 December 2016: EUR 0 for the credit line usable in EUR), the credit line amounting to EUR 1,000,000 is not used in full as at 31 December 2016). The maturity is 3 October 2017.
- C. An investment contract signed with Unicredit Tiriac Bank on 5 February 2015 and expressed in EUR and usable in RON. The approved amount was EUR 2,000,000 with a 12 month use and grace period, respectively. The outstanding balance as of 30 June 2017 was RON 5,015,875.18 (31 December 2016: RON 5,955,032.86). The credit repayment is performed in monthly equal instalments amounting RON 156,526.28 until the maturity, i.e., 4 February 2020. Accrued interest at 31 December 2016 is RON 13,648.75.
- D. An investment contract signed with Porsche Bank on 28 November 2013 and expressed in RON for the purchase of cars. The initial amount was RON 1,189,532. The amount remaining under this contract as at 30 June 2017 is RON 134,939.31 (31 December 2016: RON 293,737.22). The maturity is November 2017 and the repayment schedule is December 2013 through 27 November 2017.
- E. An investment contract signed with Porsche Bank on 31 March 2015 and expressed in RON for the purchase of cars. The initial amount was RON 111,596. The amount remaining under this contract as at 30 June 2017 is RON 47,943.23 (31 December 2016: RON 61,903.96). The maturity is March 2019 and the repayment schedule is April 2015 through 1 March 2019.
- F. A credit contract - credit line for financing the current activity signed with Banca Transilvania Bank on 27 August 2013 and expressed in RON. The amount is RON 13,250,000 resulting from the supplementation of the initial line RON 11,250,000 with RON 2,000,000 on the renewal date, i.e., 28 August 2014, the amount corresponding to a revolving short-term cap credit for current activity financing. The total amount remaining under this contract as at 30 June 2017 is RON 10,830,737.12 (31 December 2016: RON 835,876.94). The maturity is 20 August 2017.

14. LOANS (continued)

- G. A credit contract - credit line for financing the current activity signed with Raiffeisen Bank on 1 July 2016 and expressed in RON. The amount is RON 5,000,000. The total amount remaining under this contract as at 30 June 2017 was RON 3,923,959.06 (31 December 2016 is RON 0). The maturity is 1 September 2017.
- H. An investment contract signed with Banca Transilvania Bank on 7 June 2017 and expressed in RON. The initial amount was RON 32,900,000. The amount remaining under this contract as at 30 June 2017 is RON 32,900,000 (31 December 2016: RON 0). The maturity is 7 June 2024 and the repayment schedule is June 2018 through 7 June 2024.
- I. An investment contract signed with Banca Transilvania Bank on 20 April 2017 and expressed in RON. The initial amount was RON 27,500,000. The amount remaining under this contract as at 30 June 2017 is RON 5,848,143.01 (31 December 2016: RON 0). The maturity is 20 April 2024 and the repayment schedule is April 2018 through 24 April 2024.
- J. A credit contract - credit line for financing the current activity signed with Banca Transilvania Bank on 9 June 2017 and expressed in RON. The amount is RON 27,950,000, out of which, an instalment RON 11,921,000 has been granted, an amount corresponding to a revolving short-term cap credit for current activity financing. The total amount remaining under this contract as at 30 June 2017 is RON 9,141,373.51 (31 December 2016: RON 0). The maturity is 7 June 2018.
- K. On 27 August 2013, the Company signed with Banca Transilvania Bank a contract – multicurrency letters of bank guarantee with multiple use and valid until 24 August 2015, which was extended for 24 months starting 20 August 2015. The upper limit is RON 1,750,000. As part of this amount, as of 30 June 2017, the good performance letter of bank guarantee in favor of ROMPETROL DOWNSTREAM in an amount RON 360,000 with the validity 30.05.2017-30.06.2018, is in effect.

As of 30 June 2017, the Company had credit facilities not used in an amount EUR 800,000 and RON 14,306,689.37 and investment contracts in an amount RON 28,135,830.51.

TERASTEEL

- A. A credit contract - credit line for financing the current activity signed with Banca Transilvania Bank on 26 September 2015 and expressed in RON for the amount RON 13,500,000 and supplemented on 21 October 2015 by RON 1,000,000. The amount is RON 14,500,000. The remaining amount for this contract as at 30 June 2017 is RON 9,163,421.74 RON (31 December 2016: RON 9,163,421.74). The maturity is 12 September 2017.
- B. Investment contract signed with BRD on 21.02.2012 in EUR granted to co-finance private contributions to the eligible costs of the project "Integrated innovative construction system: steel structure built from galvanized light profiles and tire foam insulation panels" implemented under the Financing Agreement signed, no. 109 of 09.03.2010, with the Managing Authority POSCCE. The total amount is EUR 1,200,000. As at 30 June 2017 the amount used is RON 1,550,887.94 (EUR 347,826.3) (31 December 2016: the amount used from this contract is RON 2,016,153.92 [EUR 452,174.10]) (31 December 2015: RON 3,031,392 [EUR 660,869]). The maturity is 20 February 2019, with a grace period until 9 June 2013, and the repayment is performed in equal installments amounting to EUR 17,391.
- C. An investment contract signed with Porsche Bank on 29 November 2013 and expressed in RON for the purchase of cars. The initial amount is RON 59,936.41. The amount remaining under this contract as at 30 June 2017 is RON 9,328.34 (31 December 2016: RON 14,793.37). The maturity is November 2017, and the repayment date is December 2013 through 28 November 2017, according to the schedule.

14. LOANS (continued)

- D. An investment contract signed with Porsche Bank on 23 November 2014 and expressed in RON for the purchase of a car. The initial amount is RON 61,816. The amount remaining under this contract as at 30 June 2016 is RON 20,349.43 (31 December 2016: 30,690.62). The maturity is December 2018, and the repayment date is January 2015 through December 2018, according to the schedule.

TERASTEEL DOO

- A. A global multicurrency/multiproduct cap credit contract for operation signed on 25.05.2017 of a total cap EUR 2,000,000, for which the balance as at 30 June 2017 was EUR 1,711,000 (RON 7,791,722.9).

As of 30 June 2017, the Company had credit facilities not used in an amount EUR 289,000 (RON 1,316,077.0).

15. TRADE PAYABLES

	<u>30 June 2017</u>	<u>31 December 2016</u>
Trade payables	74,609,500	42,033,133
Trade notes payable	914,438	1,135,134
Liabilities from the purchase of non-current assets	2,130,925	1,048,798
Other current payables	19,028,693	5,618,028
Advance payments from clients	5,437,694	3,205,932
Total	<u>102,121,250</u>	<u>53,041,025</u>

16. SUBSEQUENT EVENTS

In June 2017, the Board of Directors signed an agreement for the purchase of another 10% of the Depaco Company share capital.

On 3 July 2017, the Financial Supervisory Authority issued the Security Interest Registration Certificate no. AC-3420-5/03.07.2017 related to the increase in the share capital as approved by the Teraplast S.A. Extraordinary Shareholders' Meeting Decision no. 1 of 27 April 2017 with the amount RON 29,047,831 by the issue of 290,478,310 new shares with a nominal value RON 0.1/share.

In July 2017, the following loans were either contracted or reimbursed:

- A. On 21 July 2017, the investment loan signed with BRD on 24 May 2016 in an amount RON 7,016,026 and the investment loan signed with Unicredit in an amount RON 4,859,349 were reimbursed.
- B. On 19 July 2017 the loan in an amount EUR 1,711,000 contracted by TERASTEEL DOO from Banca Transilvania Bank was reimbursed.
- C. Following the reimbursement of the TERASTEEL DOO loan, Banca Transilvania Bank has made available to TERAPLAST the amount RON 15,003,558 from the intercompany loan cap RON 21,000,000, this contract being signed on 20 July 2017. The difference will be made available as TERAPLAST makes payments to TERASTEEL DOO.

16. SUBSEQUENT EVENTS (continued)

- D. On 25 July 2017, Banca Transilvania Bank granted the second installment amounting to RON 3,220,000 from the credit line cap for the current activity financing as signed on 9 June 2017 in an amount RON 27,950,000. The difference will be made available after the full reimbursement of the credit line contracted by TERAPLAST from Unicredit.
- E. On 25 July 2017, Banca Transilvania Bank granted the first installment in an amount RON 973,708 from the investment loan in a total amount RON 4,630,000 for the CAPEX 2016 investment financing (from own sources).

These interim condensed consolidated financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

**AS OF AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2017**

Prepared in accordance with Minister of Public Finance Order
no. 2844/2016 on the approval of the Accounting Regulations
compliant with the International Financial Reporting Standards

TERAPLAST SA**Interim condensed separate financial statements**

Prepared in accordance with the Minister of Public Finance Order no. 2844/2016
on the approval of the Accounting Regulations compliant with the International Financial Reporting
Standards

30 JUNE 2017

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TERAPLAST SA
INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Turnover	4	101,551,293	131,827,607
Other operating income		54,235	61,221
Changes in inventories of finished and semi-finished goods		3,632,117	6,326,788
Raw materials, consumables and commodities used	5	(72,636,285)	(90,088,945)
Employee benefits expenses	6	(10,304,861)	(11,826,193)
Net expenses with the amortization and the adjustments for depreciation of non-current assets		(6,314,335)	(5,775,874)
Adjustments for the depreciation of current assets, net		(253,460)	2,599,280
Gains / (Losses) from assets disposed of		51,666	(232,514)
Gains from the fair value measurement of investment property		335	-
Provisions (set)/ reversed, net		2,066,414	(115,916)
Other operating expenses	7	(13,173,151)	(15,582,747)
Operating result	4	<u>4,673,968</u>	<u>17,192,707</u>
Income from dividends		5,477,527	12,149,707
Net interest expenses		(353,097)	(423,518)
Other financial expenses, net		(194,598)	(275,912)
Profit before tax		<u>9,603,800</u>	<u>28,642,984</u>
Income tax expense		(422,893)	(2,514,260)
Profit for the period		<u>9,180,907</u>	<u>26,128,724</u>
Number of shares		566,432,663	377,621,773
Result per share		<u>0.016</u>	<u>0.069</u>

These interim condensed separate financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA
INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
as of 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	30 June 2017	31 December 2016
ASSETS			
Non-current assets			
Tangible assets	8	97,048,797	93,328,915
Investment property	8	19,073,871	19,037,319
Intangible assets	9	919,763	859,260
Investments in subsidiaries and jointly controlled companies	10	51,324,463	11,300,616
Other financial assets	10	16,802	15,472
Non-current trade receivables		4,413,942	5,268,525
Total non-current assets		172,797,638	129,810,107
Current assets			
Inventories	11	54,764,129	42,434,560
Trade and other receivables	13	86,253,618	50,833,900
Prepayments		802,566	221,086
Income tax to be recovered		-	117,060
Cash and short term deposits	12	17,700,339	10,689,973
Total current assets		159,520,652	104,296,579
Total assets		332,318,290	234,106,686
EQUITY AND LIABILITIES			
Equity			
Total equity, out of which:		56,643,266	56,643,266
- Subscribed share capital	14	56,643,266	56,643,266
- Other equity elements		-	450,980
Share premium		27,384,726	27,384,726
Revaluation reserves		17,547,152	17,547,152
Legal reserves		7,737,863	7,737,863
Retained earnings		74,617,719	74,558,526
Total equity		183,930,726	184,322,513
Long-term liabilities			
Loans and finance lease	15	41,249,892	9,179,997
Liabilities for employee benefits		238,737	238,737
Deferred tax liabilities		2,658,618	2,695,521
Total long-term liabilities		44,147,257	12,114,255
Current liabilities			
Trade and other payables	16	68,074,630	29,667,881
Loans and finance lease	15	35,127,014	5,239,688
Income tax payable		342,736	-
Provisions		695,934	2,762,349
Total current liabilities		104,240,314	37,669,918
Total liabilities		148,387,564	49,784,173
Total equity and liabilities		332,318,290	234,106,686

These interim condensed separate financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA
INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Subscribed share capital	Other equity elements	Share premium	Revaluation reserves	Legal reserves	Retained earnings	Total
Balance as of 31 December 2015	28,887,588	950,500	27,384,726	17,045,966	5,443,617	71,518,559	151,230,956
Set up of the legal reserve	-	-	-	-	2,294,246	(2,294,246)	-
Share capital increase from reserves	27,755,678	-	-	-	-	(27,755,678)	-
Dividends granted	-	-	-	-	-	(7,930,057)	(7,930,057)
Gains from the sale of own shares	-	-	-	-	-	21,122	21,122
Repurchase of own shares	-	-	-	-	-	(512,706)	(512,706)
Reevaluation reserve surplus	-	-	-	501,186	-	-	501,186
Increases/Decreases	-	(499,520)	-	-	-	-	(499,520)
Net result for the period	-	-	-	-	-	41,511,532	41,511,532
Balance as of 31 December 2016	56,643,266	450,980	27,384,726	17,547,152	7,737,863	74,558,526	184,322,513

	Subscribed share capital	Other equity elements	Share premium	Revaluation reserves	Legal reserves	Retained earnings	Total
Balance as of 31 December 2016	56,643,266	450,980	27,384,726	17,547,152	7,737,863	74,558,526	184,322,513
Dividends granted	-	-	-	-	-	(9,572,710)	(9,572,710)
Gains from the sale of own shares	-	-	-	-	-	(61,711)	(61,711)
Repurchase of own shares	-	-	-	-	-	512,707	512,707
Increases/Decreases	-	(450,980)	-	-	-	-	(450,980)
Net result for the period	-	-	-	-	-	9,180,907	9,180,907
Balance as of 30 June 2017	56,643,266	-	27,384,726	17,547,152	7,737,864	74,617,719	183,930,726

On 27 April 2017, in the OGSM meeting it was decided to grant dividends of RON 9,572,712, the gross dividend/share proposed amounting to RON 0.0169, from the result of the financial year ended 31 December 2016.

These interim condensed separate financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

TERAPLAST SA
INTERIM CONDENSED SEPARATE CASH FLOWS STATEMENT
For the six month period ended 30 June

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	2017	2016
Cash flows from operational activities		
Profit before tax	9,603,800	28,642,985
Interest expenses	358,432	427,535
Interest income	(5,335)	(4,016)
Loss/(Gains) from the sale or disposal of fixed assets	(51,666)	232,514
(Gains)/Loss from the impairment of trade receivables	214,981	(2,947,882)
Inventories value adjustments	38,479	2,648,603
Long-term assets amortization and depreciation	6,314,335	5,775,873
Provisions for risks and expenses	(2,066,414)	115,916
Gain from the valuation of investment property	(335)	-
Investment revenues	(5,477,527)	(12,149,707)
Unrealized exchange rate differences	-	(34,648)
Profit before adjustments to working capital	8,928,750	22,707,172
Movements in working capital		
Increase of trade and other receivables	(35,244,549)	(5,517,166)
Increase of inventories	(12,368,048)	(17,749,647)
Increase of trade and other payables	37,512,688	3,400,102
Interest paid	(358,432)	(427,535)
Income tax paid	-	(2,030,955)
Net cash flow generated by / (used in) operating activities	(1,529,590)	381,972
Net cash flow generated from investment activities		
Received interest	5,335	4,016
Payments for the acquisition of tangible, intangible and financial assets	(48,801,734)	(4,712,270)
Receipts from the sale of tangible assets	148,914	95,961
Repurchase of own share	(512,689)	-
Gains from own shares sale	61,711	-
Dividends paid	(9,572,712)	(7,930,057)
Dividends received	5,477,527	12,149,707
Net cash flow used in investment activities	(53,193,648)	(392,643)
Net cash flow from finance activities		
Net withdrawals / (reimbursements) of loans	62,578,954	(392,777)
Lease payments	(845,351)	(1,004,481)
Net cash flow generated from / (used in) finance activities	61,733,603	(1,397,259)
Net variation of cash and cash equivalents	7,010,364	(1,407,928)
Cash and cash equivalents as of 1 January	10,689,973	11,101,333
Cash and cash equivalents as of 30 June	17,700,339	9,693,404

These interim condensed separate financial statements were approved on 28 July 2017.

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CEO

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CFO

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

REPORTING ENTITY

These notes to the quarterly financial statements are presented by TERAPLAST SA („the Company”). As of 30 June 2017, the Company had investments in five subsidiaries:

- Terasteel SA,
- Teraglass Bistrita SRL,
- Teraplast Logistic SRL,
- Teraplast Hungaria Kft,
- Terasteel Doo Serbia

and it was a party in two joint ventures:

- Politub SA and
- Depaco SRL

Details concerning the Company's investments are presented in Note 10.

These financial statements do not include the results of the companies, the Company has investments in.

The interim financial statements prepared as of 30 June 2017 have not been audited.

1. GENERAL INFORMATION

Teraplast SA (the Company) is a joint stock company established in 1992. The Company's head office is in Bistrita, Parc Industrial Teraplast, DN 15A, km 45+500, zip code 427298, Bistrita-Nasaud County.

The Company's main activities include the production of PVC pipes and profiles, plasticized and rigid granules, polypropylene pipes and the trading of cables, polyethylene pipes, fittings and steel parts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's interim condensed separate financial statements for the six month period ended 30 June 2017 have been prepared according to IAS 34 – Interim financial reporting.

The interim condensed separate financial statements do not comprise all the information and elements presented in the annual financial statements and they must be read in conjunction with the separate annual financial statements of Teraplast SA as of 31 December 2016.

The accounting policies and the valuation methods adopted for the preparation of the interim condensed separate financial statements are consistent with those used for the preparation of the separate annual financial statements of Teraplast SA as of 31 December 2016, except for the following amended standards, which were adopted by the Company on 1 January 2017, but they did not have a significant impact on these financial statements:

- IAS 12: Recognition of deferred tax assets for unrealized losses (amendments)
- IAS 7: Disclosure initiative (amendments)

Going concern

These financial statements have been prepared under the going concern basis, which implies that the Company will continue its activity in the foreseeable future, as well. In order to assess the applicability of this assumption, management analyzes the forecasts concerning future cash inflows.

As of 30 June 2017, the Company's current assets exceed its current liabilities by RON 55,280,336 (as of 31 December 2016, current assets had exceeded current liabilities by RON 66,626,661). As of 30 June 2017, the Company has registered net profit amounting to RON 9,180,907 (30 June 2016: RON 26,128,724).

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1. Judgments

In the process of applying the Company accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the separate financial statements:

Investment property

The Company holds certain lands and buildings in Bistrita, Oradea and Constanta held in order to obtain an increase in its value and to be subsequently materialized through sale. These are included in investment property.

Joint control over Depaco SRL

As of 30 June 2017, Teraplast SA held 50% of Depaco SRL share capital and it had joint control over its activity. Subsequently, Teraplast SA became the major shareholder of Depaco, when it purchased a package of 10% more of this company's capital shares.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income. The Company engaged independent valuation specialists to assess fair value as at 31 January 2016 for land and buildings and for investment properties, this action was performed on an annual basis, including 31 December 2016. Investment properties (land and buildings) were valued by reference to market-based information, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Tangible assets (land and buildings) were valued as of 31 December 2016 by using an external valuator, member of ANEVAR. The valuation methods used for these assets were the market comparison method for land and the net replacement cost method, impacted by the results of applying the revenue and the market comparison methods.

As of 31 October 2016, the land and buildings held in Otopeni, Ilfov County which, previously, have been the object of a lease contract, were transferred from investment property to tangible assets and the results of the valuation report as of 31 December 2016 were treated according to IAS 16.

Impairment of intangible and tangible assets

In the current economic context, the Company analyzed the internal and external sources of information and reached the conclusion that there are no indications concerning the impairment of assets. The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

4. REVENUES

Turnover refers to the sale of finished products, commodities and services:

	Period ended 30 June 2017	Period ended 30 June 2016
Total turnover, out of which:	101,551,293	131,827,607
Net turnover	89,188,540	114,622,500
Commercial discounts granted	(1,212,267)	(1,121,063)
Turnover from the sale of commodities	12,908,289	17,769,348
Turnover from works performed and services provided	23,308	121,107
Turnover from rents and royalties	643,422	435,715

TERAPLAST SA
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For the six month period ended 30 June 2017
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

4. REVENUES (continued)

The reporting segments of the Company are aggregated according to the main types of activities and are presented below:

	Installations and arrangements	Joinery profiles	Granules	Insulated joinery	Total
Total revenues Period ended 30 June 2017	55,959,193	22,524,978	22,881,234	240,123	101,605,528
Total revenues Period ended 30 June 2016	77,965,240	20,317,340	33,368,231	238,017	131,888,828

5. RAW MATERIALS, CONSUMABLES USED AND COMMODITIES

	Period ended 30 June 2017	Period ended 30 June 2016
Expenses with raw materials	128,911,507	70,910,393
Expenses with consumables	9,490,517	5,277,396
Expenses with commodities	26,932,964	13,509,388
Used packaging	706,821	391,768
Total	72,636,285	90,088,945

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

6. INFORMATION REGARDING THE EMPLOYEES, BOARD MEMBERS, MANAGEMENT AND SUPERVISORY BODY

The average number of employees during the period was as follows:

	Period ended 30 June 2017	Period ended 30 June 2016
Average number of employees	309	313
Average number of members of the board, management and supervisory body	5	5
Total	314	318

	Period ended 30 June 2017	Period ended 30 June 2016
Expenses with salaries and meal tickets for the employees	8,305,038	9,248,319
Expenses with administrators' salaries	197,591	210,000
Salary related contributions	1,802,231	2,367,874
Total	10,304,861	11,826,193

	30 June 2017	30 June 2016
Total salaries payable at period end	940,045	861,433

7. OTHER OPERATING EXPENSES

	Period ended 30 June 2017	Period ended 30 June 2016
Transport costs	3,767,131	4,260,656
Expenses with utilities	2,225,791	2,663,241
Expenses with third party services	4,014,967	2,193,690
Expenses with compensations, fines and penalties	21,285	6,156
Entertainment, promotion and advertising expenses	658,851	628,138
Expenses with other taxes and duties	468,223	405,269
Repair expenses	366,166	347,022
Travelling expenses	175,868	275,524
Rent expenses	323,460	385,114
Mail and telecommunication expenses	156,482	112,810
Insurance premium expenses	303,646	529,085
Other general expenses	691,281	3,776,040
Total	13,173,151	15,582,747

TERAPLAST SA
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For the six month period ended 30 June 2017
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

8. TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Other installations, equipment and furniture	Tangible assets in progress	Investment property	Total
Gross value						
Balance as of 01 January 2017	51,606,021	146,362,486	1,293,599	3,310,699	19,037,319	221,610,124
Total increases, out of which:	-	434,287	-	9,598,652	335	10,033,274
Increases from the internal production of non-current assets	-	-	-	585,759	-	585,759
Transfers in/from tangible assets in progress	197,087	2,896,268	13,936	(3,143,508)	36,217	-
Disposals and decreases	(60,981)	(325,620)	(2,990)	-	-	(389,591)
Balance as of 30 June 2017	51,742,127	149,367,422	1,304,545	9,765,843	19,073,871	231,253,807
Accumulated depreciation						
Balance as of 01 January 2017	4,067,588	104,332,385	843,917	-	-	109,243,890
Depreciation recorded during the year	1,051,183	5,324,463	56,995	-	-	6,432,641
Decreases or restatements	(12,704)	(276,648)	(2,990)	-	-	(292,342)
Impairment	(221,673)	(31,377)	-	-	-	(253,050)
Balance as of 30 June 2017	4,884,394	109,348,823	897,922	-	-	115,131,139
Net book value as of 01 January 2017	47,538,433	42,030,101	449,682	3,310,699	19,037,319	112,366,234
Net book value as of 30 June 2017	46,857,733	40,018,599	406,623	9,765,843	19,073,871	116,122,668

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

8. TANGIBLE ASSETS (continued)

Tangible assets pledged and restricted

As of 30 June 2017, tangible assets having net book value of RON 40,925,210 are set as guarantees for loans and lines of credit (land and buildings – RON 24,657,350; equipment, machines, other non-current assets – RON 13,243,278).

Tangible assets used in lease contracts where the Company is a lessee.

Tangible assets include equipment used in finance lease contracts, including plant and machinery, as follows:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Net value – vehicles	1,130,574	1,035,557
Net value – equipment	3,598,468	4,088,252
Total	<u>4,729,042</u>	<u>5,123,809</u>

9. INTANGIBLE ASSETS

	<u>Concessions rights, patents, licenses, trademarks and other similar rights and other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
Gross value			
Balance as of 01 January 2017	<u>4,442,637</u>	<u>-</u>	<u>4,442,637</u>
Increases	10,678	184,569	195,246
Transfers	54,862	(54,862)	-
Disposals and other decreases	(17,542)		(17,542)
Balance as of 30 June 2017	<u>4,490,635</u>	<u>129,707</u>	<u>4,620,342</u>
Accumulated amortization			
Balance as of 1 January 2017	<u>3,583,377</u>	<u>-</u>	<u>3,583,377</u>
Amortization registered during the year	134,744	-	134,744
Disposals and other decreases	(17,542)	-	(17,542)
Balance as of 30 June 2017	<u>3,700,579</u>	<u>-</u>	<u>3,700,579</u>
Net book value as of 01 January 2017	<u>859,260</u>	<u>129,707</u>	<u>988,967</u>
Net book value as of 30 June 2017	<u>790,056</u>	<u>129,707</u>	<u>919,763</u>

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

10. FINANCIAL INVESTMENTS

As of 30 June 2017, the Company had investments in 6 subsidiaries: Terasteel SA, Teraglass Bistrita SRL, Teraplast Logistic SRL, Teraplast Hungaria Kft, Terasteel Doo Serbia and two joint ventures: Politub SA and Depaco SRL.

Following the BD decision from 29 September 2016, Teraplast SA invested in 100% of the share capital of a newly established company in Hungary, Teraplast Hungaria KFT. The subscribed share capital was paid in full on December 2016.

In 2017, the Board of Administration has approved the disposal of the capital shares of the Company held in Teraplast Group (Moldova) to the other shareholders of this company, at their nominal value of MDL 2,754.

In January 2017, the Board of Administration approved the set-up of a subsidiary (100% owned by Teraplast SA) in Serbia. By 30 June 2017, the Company has subscribed and paid in full the share capital.

On 1 March 2017, Teraplast has concluded a contract with the shareholders of Depaco SRL for the purchase of 50% of its capital shares. The transaction was finalized after its approval by the General Meeting of the Shareholders of Teraplast SA and after receiving the endorsement of the Romanian Competition Council.

Subsequently, after the purchase of 10% of the capital shares of Depaco SRL, Teraplast SA became the major shareholder. As of 30 June 2017, Depaco's control was held jointly with the other shareholders.

Subsidiary name	Country	Investment share %	Investment share%
Teraglass Bistrita SRL	Romania	100	100
Terasteel SA	Romania	97.95	97.95
Politub SA	Romania	50	50
	Republic		
Teraplast Group SRL	of Moldova	-	51
Teraplast Logistic SRL	Romania	99	99
Teraplast Hungaria KFT	Hungary	100	100
Terasteel Doo	Serbia		-
Depaco SRL	Romania	50	-

The cost of the Company's investments as at 30 June 2017 was of 51,324,463 lei (31 December 2016: 11,299,902 lei).

As of 31 December 2016 and 30 June 2017, the Company had securities in the form of investments in the following unlisted companies:

Subsidiary name	Country	Investment share %	30 June 2017	Investment share%	31 December 2016
CERTIND S.A.	Romania	7.5	14,400	7.50	14,400
Parteneriat pentru dezvoltarea durabila	Romania	7.14	1,000	7.14	1,000
Tera Tools SRL	Romania	24.00	72	24.00	72
Total			15,472		15,472

The Company did not make any payments on behalf of the companies it has investments in.

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

10. FINANCIAL INVESTMENTS (continued)

Long-term investment property is valued at historic cost less any adjustments for impairment. The classification of investment property into financial investments or short-term investments is done depending on the Company's intention regarding the holding term of the securities, namely below or above one year.

Related entities (through the shareholders/joint decision making factor):

- ACI Cluj S.A
- Ferma Pomicola Dragu SRL
- La Casa Ristorante Pizzeria Pane Dolce S.A
- Omniconstruct S.A.
- Magis Investment SRL
- Ditovis Impex SRL
- RSL Capital Advisors SRL
- KJK Caramida SRL
- Eurohold AD
- Otopel SRL
- Cemacon SA
- Compet SA
- Mundus Services AD
- Crisware Holdings Limited
- Crisware Holdings SRL
- Prefera Foods SA
- Policol SA

11. INVENTORIES

	<u>30 June 2017</u>	<u>31 December 2016</u>
Finished goods	26,009,560	22,571,073
Semi-finished goods	870,016	824,489
Residual products	155,519	148,219
Goods to be purchased	7,415,312	382,746
Raw materials	19,750,273	16,942,278
Consumables	612,168	4,265,668
Packaging	524,782	130,138
Inventory items	108,705	89,371
Commodities	4,059,298	4,265,668
Inventories – gross value	<u>59,505,632</u>	<u>47,161,754</u>
Value adjustments on raw and other materials	(1,575,631)	(1,738,397)
Value adjustments for finished products	(2,250,026)	(2,170,923)
Value adjustments for commodities	(885,846)	(817,874)
Inventories – net value	<u>54,764,129</u>	<u>42,434,560</u>

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

12. PETTY CASH AND BANK ACCOUNTS

	Balance as of 30 June 2017	Balance as of 31 December 2016
Bank accounts	17,580,383	10,630,436
Petty cash	53,735	37,604
Cash equivalents	66,221	21,933
Total	17,700,339	10,689,973

As of 30 June 2017, the Company had bank accounts in RON having a balance of RON 91,638, representing guarantees held from managers (31 December 2016: RON 86,746 RON).

13. RECEIVABLES

	Balance as of 30 June 2017	Balance as of 31 December 2016
Trade receivables	50,490,923	37,200,698
Non-chargeable trade notes	21,644,860	18,280,715
Advances paid to suppliers of non-current assets	7,367,199	988,685
Advances paid to suppliers of inventories and services	2,392,344	3,891,188
Group settlements	13,777,558	401,186
Other receivables	2,800,876	2,373,415
Adjustments for trade receivables impairment	(12,374,576)	(12,301,987)
Total	86,253,618	50,833,900

The amounts received from the related party companies are presented in Note 19.

14. INVESTMENTS AND SOURCES OF FINANCING

The share capital called-up and paid in as at 30 June 2017 is RON 56,643,266. The shareholding structure is as follows:

	30 June 2017			31 December 2016		
	Number of shares	Nominal value Total	%	Number of shares	Nominal value Total	%
Goia Dorel	265,205,049	26,520,505	46.82	264,955,049	26,495,505	46.78
Marley Magyarorszag (Gemencplast Szekszard)	44,874,446	4,487,445	7.92	44,874,446	4,487,445	7.92
KJK Fund II Sicav-SIF	56,863,685	5,686,369	10.04	56,863,685	5,686,369	10.04
Fondul de Pensii Administrat Privat NN/NN Pensii S.A.F.P.A.P S.A	37,707,112	3,770,711	6.66	37,707,112	3,770,711	6.66
Other individuals and entities	162,032,368	16,203,236	28.61	161,782,368	16,178,236	28.56
Total	566,432,660	56,643,266	100.00	566,432,660	56,643,266	100.00

TERAPLAST SA
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For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

14. INVESTMENTS AND SOURCES OF FINANCING (continued)

As at 31 December 2016 and 30 June 2017, the value of the share capital called-up and paid in of the Company included 566,432,660 authorized shares issued and paid in full at a value RON 0.1 and having a total nominal value RON 56,643,266. Common shares bear a vote each and give right to dividends.

On 28 April 2016, under the ESGM decision, the increase in the share capital by RON 18,881,089 through the issue of 188,810,890 new shares with a nominal value RON 0.01/share, was approved. Following this Decision, the share capital called up and paid in of Teraplast SA is RON 37,762,177, divided into 377,621,770 nominative shares with a nominal value RON 0.10 each.

The share capital increase was recorded with the Bistrita Nasaud Trade Register Office under the Confirmation of Company Details no. 2853/9 February 2016 and with the FSA, Instruments and Financial Investments Sector under the Security Interest Registration Certificate no. AC-3420-3 of 24.02.2016.

Under the ESGM Decision dated 7 December 2015, the redemption by Teraplast SA of at most 2,000,000 own shares at a minimum price equal to the Bucharest Stock Exchange market price and a maximum price RON 1/share.

The redeemed shares will be used for the implementation of a remuneration system ensuring compliance with the principle of the long-term performance and of an employee loyalty program.

During the period February-March 2016, 840,947 own shares were redeemed, for a total transaction value RON 478,248. The shares redeemed this way were distributed to the executive management of Teraplast SA as part of the "Employee stock plan" in May 2016.

Following this transaction, Teraplast SA recorded RON 21,122 as gains related to the sale or cancellation of own shares redeemed.

15. LOANS

The Company has loans with the following banks:

	Balance as of 30 June 2017	Balance as of 31 December 2016
BRD	7,018,088	5,142,243
Unicredit Tiriac Bank	5,029,619	5,971,749
Porsche Bank	182,883	355,641
Banca Transilvania	58,720,254	835,877
Raiffeisen Bank	3,923,959	-
Total	74,874,803	12,305,510

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

15. LOANS (continued)

Bank loans as at 30 June 2017 are as follows:

- A. An investment contract signed with BRD on 24.05.2016 and expressed in RON. The total approved amount was RON 13,500,000. The outstanding amount as at 30 June 2017 is RON 7,016,026.48 (30 December 2016 is RON 5,133,317.33). The maturity is 24 May 2022. Accrued interest as at 30 June 2017 is RON 2,061.68.
- B. A credit contract – credit line for supporting the current activity, resigned with Unicredit Tiriac Bank on 1 October 2013 and expressed in RON. The amount is EUR 2,800,000, resulting from the decrease of the amount EUR 4,800,000 (a loan formed by combining the revolving credit signed with Unicredit on 4 September 2006 in an amount EUR 3,500,000 and the short-term loan for working capital financing in amount EUR 1,300,000) by EUR 3,000,000 and the supplementation by EUR 1,000,000 of 28 November 2014, split as follows: EUR 2,000,000 – a credit line portion usable in RON and EUR 800,000 – a credit line portion usable in EUR. The outstanding amount for this contract as at 30 June 2017 was RON 0 for the credit line usable in RON (31 December 2016: RON 0) and RON 0 (EUR 0) for the credit line usable in EUR (31 December 2016: EUR 0 for the credit line usable in EUR), the credit line amounting to EUR 1,000,000 is not used in full as at 31 December 2016). The maturity is 3 October 2017.
- C. An investment contract signed with Unicredit Tiriac Bank on 5 February 2015 and expressed in EUR and usable in RON. The approved amount was EUR 2,000,000 with a 12 month use and grace period, respectively. The outstanding balance as of 30 June 2017 was RON 5,015,875.18 (31 December 2016: RON 5,955,032.86). The credit repayment is performed in monthly equal instalments amounting RON 156,526.28 until the maturity, i.e., 4 February 2020. Accrued interest at 31 December 2016 is RON 13,648.75.
- D. An investment contract signed with Porsche Bank on 28 November 2013 and expressed in RON for the purchase of cars. The initial amount was RON 1,189,532. The amount remaining under this contract as at 30 June 2017 is RON 134,939.31 (31 December 2016: RON 293,737.22). The maturity is November 2017 and the repayment schedule is December 2013 through 27 November 2017.
- E. An investment contract signed with Porsche Bank on 31 March 2015 and expressed in RON for the purchase of cars. The initial amount was RON 111,596. The amount remaining under this contract as at 30 June 2017 is RON 47,943.23 (31 December 2016: RON 61,903.96). The maturity is March 2019 and the repayment schedule is April 2015 through 1 March 2019.
- F. A credit contract - credit line for financing the current activity signed with Banca Transilvania Bank on 27 August 2013 and expressed in RON. The amount is RON 13,250,000 resulting from the supplementation of the initial line RON 11,250,000 with RON 2,000,000 on the renewal date, i.e., 28 August 2014, the amount corresponding to a revolving short-term cap credit for current activity financing. The total amount remaining under this contract as at 30 June 2017 is RON 10,830,737.12 (31 December 2016: RON 835,876.94). The maturity is 20 August 2017.
- G. A credit contract - credit line for financing the current activity signed with Raiffeisen Bank on 01 July 2016 and expressed in RON. The amount is RON 5,000,000. The total amount remaining under this contract as at 30 June 2017 was RON 3,923,959.06 (la 31 December 2016 is RON 0).The maturity is 1 September 2017.
- H. An investment contract signed with Banca Transilvania Bank on 7 June 2017 and expressed in RON. The initial amount was RON 32,900,000. The amount remaining under this contract as at 30 June 2017 is RON 32,900,000 (31 December 2016: RON 0). The maturity is 7 June 2024 and the repayment schedule is June 2018 through 7 June 2024.

TERAPLAST SA
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
For the six month period ended 30 June 2017

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

15. LOANS (continued)

- I. An investment contract signed with Banca Transilvania Bank on 20 April 2017 and expressed in RON. The initial amount was RON 27,500,000. The amount remaining under this contract as at 30 June 2017 is RON 5,848,143.01 (31 December 2016: RON 0). The maturity is 20 April 2024 and the repayment schedule is April 2018 through 24 April 2024.
- J. A credit contract - credit line for financing the current activity signed with Banca Transilvania Bank on 9 June 2017 and expressed in RON. The amount is RON 27,950,000, out of which, an instalment RON 11,921,000 has been granted, an amount corresponding to a revolving short-term cap credit for current activity financing. The total amount remaining under this contract as at 30 June 2017 is RON 9,141,373.51 (31 December 2016: RON 0). The maturity is 7 June 2018.
- K. On 27 August 2013, the Company signed with Banca Transilvania Bank a contract – multicurrency letters of bank guarantee with multiple use and valid until 24 August 2015, which was extended for 24 months starting 20 August 2015. The upper limit is RON 1,750,000. As part of this amount, as of 30 June 2017, the good performance letter of bank guarantee in favor of ROMPETROL DOWNSTREAM in an amount RON 360,000 with the validity 30.05.2017-30.06.2018 is in effect.

As of 30 June 2017, the Company had credit facilities not used in an amount EUR 800,000 and RON 14,306,689.37 and investment contracts in an amount RON 28,135,830.51.

The statement of the minimum lease payments of the Company is detailed below:

	As of 30 June 2017 Minimum lease payments	As of 31 December 2016 Minimum lease payments
Below 1 year	370,593	537,282
One to five years	1,131,513	1,576,893
Total minimum lease payments	1,502,106	2,114,175

The machinery and equipment acquired under lease agreements are guarantees for the lease agreements, with a net book value as of 30 June 2017 RON 4,729,042 (31 December 2016: RON 5,123,809).

TERAPLAST SA
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

16. TRADE AND SIMILAR LIABILITIES

Description	Balance as of 30 June 2017	Balance as of 31 December 2016
Trade payables	48,402,182	23,988,360
Trade notes payable	249,619	413,320
Liabilities from the purchase of long-term assets	2,258,684	1,044,241
Advance payments from clients	373,154	397,983
Other payables, out of which:	16,791,007	3,823,976
Salary-related payables to employees and social security payables	2,333,710	1,657,483
VAT payable	1,510,868	753,285
Unclaimed employee rights	87,555	87,255
Commercial guarantees received	120,748	95,837
Sundry creditors	12,008,699	231,987
Dividends payable	531,823	737,892
Other taxes payable	197,606	260,236
Total	68,074,633	29,667,881

The amounts owed to the Company are detailed in Note 19.

17. PROVISIONS

Description of provision	Balance as of 31 December 2016	Transfers		Balance as of 30 June 2017
		additions	reversals	
Provisions for litigations	557,711	97,830	547,710	107,831
Provisions for pensions and related items	238,737	-	-	238,737
Other provisions	2,204,638	25,300	1,641,834	588,104
Total	3,001,086	123,130	2,189,544	934,672

Teraplast SA has provisions set for sundry expenses related to environmental protection, with certain obligations generated by prior events of the entity being possible. Furthermore, the Company has set provisions for different litigations.

18. FINANCIAL INSTRUMENTS

The Company has established a benefit plan according to which the employees are entitled to receive retirement benefits according to the seniority within the Company when they turn the retirement age of 65 for men and of 61 for women. There are no other post-retirement employee benefits. The provision represents the present value of the retirement benefit as calculated on an actuarial basis.

The latest actuarial valuations were performed on 31 December 2016 by Mr. Silviu Matei, a member of the Romanian Actuarial Institute. The salary increase rate is constant on the average and long term, identifying the following periods – 5% first year increase – 3% for the following increase year, and for the following years – 2%. The discount rate is the RON interest rate curve without adjustments as provided by EIOPA for December 2016. The employee turnover in the last year was considered to be constant in time.

The risk management activity within the Company is performed in relation to financial risks (credit risk, market risk, geographic risk, foreign currency risk, interest rate risk and liquidity risk), operating risks and legal risks. The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

TERAPLAST SA
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

18. FINANCIAL INSTRUMENTS (continued)

(a) Capital risks management

The Company manages its capital to ensure the going concern principle and, at the same time, maximize revenues for the shareholders, by optimizing the balance of liabilities and equity.

The structure of the Company's capital consists of liabilities, which include the loans presented in note 15, cash and cash equivalents and equity belonging to the parent-entity equity holders. Equity includes share capital, reserves and retained earnings.

Managing the Company's risks also includes a regular analysis of the capital structure. As part of the same analysis, management considers the cost of capital and the risks associated to each class of capital. Based on the management's recommendations, the Company may balance its general capital structure through the payment of dividends, by issuing new shares and repurchasing shares, as well as by contracting new liabilities and settling the existing ones.

Just as other industry representatives, the Company monitors the capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is represented by the total loans (including long-term and short-term loans as detailed on the balance sheet) less the cash and cash equivalents. Total capital represents "equity", as detailed on the balance sheet plus the net debt.

The gearing ratio as at 30 December 2016 and 30 June 2017 was as follows:

	30.06.2017	30.06. 2016
Total loans	76,376,909	39,606,709
Cash	17,700,339	9,693,404
Net debt	58,676,570	29,913,305
Total equity	183,930,726	169,367,824
Total equity and net debt	242,607,296	199,281,129
Gearing ratio	24%	15%

The Company is subject to capital requirements provided by the legal regulations in force governing the net-asset-to-share-capital ratio.

The net asset, calculated as the difference between total assets and total liabilities must exceed 50% of the share capital amount. According to the Company Law 31/1990, as republished, when this requirement is not met, the administrators must immediately convene the Extraordinary General Meeting to decide on whether to increase the share capital or decrease the share capital by an amount at least equal to the losses that cannot be covered from the existing reserves, or to dissolve the company.

The Company met this requirements and needed no share capital increase as at 31 December 2016.

(b) Objectives of the financial risk management

The cash function of the Company provides services needed for the activity, coordinates the access to the national financial market, monitors and manages the financial risks related to the Company operations by way of reports on the internal risks, which analyze the exposure to and extent of the risks. These risks include the market risk (including the foreign currency risk, fair value interest rate risk and the price risk), credit risk, liquidity risk and cash flow interest rate risk.

18. FINANCIAL INSTRUMENTS (continued)

(c) Market risk

The Company activities expose it first to the financial risks related to the fluctuation of the exchange rates (see (d) below) and of the interest rate (see (e) below).

The Company management continuously monitors its exposure to risks. However, the use of this approach does not protect the Company from the occurrence of potential losses beyond the foreseeable limits in case of significant fluctuations on the market. There was no change from the prior year in relation to the Company exposure to the market risks or to how the Company manages and measures its risks.

(d) Foreign currency risk management

The Company performs transactions expressed in different currencies. Hence, there is the risk of fluctuations in the exchange rate. The exposures to the exchange rate are managed according to the approved policies.

The Company is mainly exposed to the EUR-RON exchange rate. The table below details the Company sensitivity to a 10% increase and decrease of EUR against RON. 10% is the sensitivity rate used when the internal reporting on the foreign currency risk to the Company is done and it represents the management estimate on the reasonably possible changes in exchange rates. The sensitivity analysis only includes the remaining foreign currency expressed in monetary items and adjusts the conversion at the end of the period for a 10% change in exchange rates. In the table below, a negative value indicates a decrease in profit when the RON depreciates by 10% against the EUR. A 10% strengthening of the RON against the EUR will have an equal opposite impact on profit and other equity, and the balances below will be positive. The changes will be attributable to the exposure related to the loans, trade receivables and payables with foreign partners, and denominated in EUR at the end of the year.

	<u>30 June 2016</u>		<u>30 June 2017</u>	
	RON	RON	RON	RON
Profit or (loss)	2,127,091	(2,127,091)	1,448,398	(1,448,398)

The Company obtains revenues in EUR based on the contracts signed with foreign clients.

(e) Interest rate risk management

The interest-bearing assets of the Company, the revenues, and the cash flows from operating activities are exposed to the fluctuations of market interest rates. The Company's interest rate risk relates to its bank loans. The loans with variable interest rate expose the Company to the cash flow interest rate risk. The Company performed no hedging operation with a view to reducing its exposure to the interest rate risk.

The Company continuously monitors its exposure to the interest rate risk. These include simulating various scenarios, including the refinancing, discounting current positions, financing alternatives. Based on these scenarios, the Company estimates the potential impact of determined fluctuations in the interest rate on the profit and loss account. For each simulation, the same interest rate fluctuation is used for all models. These scenarios are only prepared for the debts representing the main interest-bearing positions.

The Company is exposed to the interest rate risk taking into account that it borrows funds both at fixed, and at floating interest rates. The risk is managed by the Company by maintaining a favorable balance between fixed rate and floating rate interest loans.

The Company's exposures to the interest rates on the financial assets are detailed in the section on liquidity risk management of this Note.

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18. FINANCIAL INSTRUMENTS (continued)

As at 30 June 2017, in the case of a 1% increase/decrease of the interest rate on loans, with all the other variables held constant, the net profit for the period would fluctuate as follows, mainly as a result of the higher/lower interest expenses on floating interest loans.

	<u>30 June 2017</u>	<u>30 June 2016</u>
Profit or (loss)	763,769 (763,769)	396,067 (396,067)

(f) Other price risks

The Company is not exposed to the equity price risks arising from equity investments. The equity investments are held for strategic purposes rather than commercial ones and are not significant. The Company does not actively trade these investments.

(g) Credit risk management

The credit risk relates to the risk that a counterparty will not meet its obligations causing financial losses to the Company. The Company has adopted a policy of performing transactions only with trustworthy parties and of obtaining sufficient guarantees, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Company exposure and the credit ratings of third parties to contracts are monitored by the management.

Trade receivables consist in a high number of clients from different industries and geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

The cash is held in financial institutions which, at the date when it is deposited, are considered to have the lowest reimbursement risk. The Company has policies limiting the value of the exposure for any financial institution.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Company, beyond the provisions already recorded.

The Company considers the exposure to the credit risk in relation to a counterparty or a group of similar counterparties by analyzing the receivables individually and making impairment adjustments together with the client credit management department. The Company defines the counterparties as having similar characteristics when they are affiliated entities.

(h) Liquidity risk management

The ultimate responsibility for liquidity risk management lies with the Board of Directors, which have developed an appropriate liquidity risk management framework in terms of ensuring funding for the Company on the short, medium and long-term and managing liquidities. The Company manages the liquidity risks by maintaining appropriate reserves, bank facilities and reserve loan facilities, by continuously monitoring actual cash flows and by correlating the maturity profiles of financial assets and liabilities. Note 25 includes a list of additional facilities not drawn by the Company, which the Company has in order to further reduce the liquidity risk.

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19. RELATED-PARTY TRANSACTIONS/BALANCES

Net purchases Receivables Net sales (re-invoicing incl.) Liabilities

Partner	31 Dec. 2016	30 Jun. 2017						
Terasteel SA	2,656,014	1,690,539	190,654	20,458	286,489	136,730	451,245	299,942
Politub	1,226,244	601,504	307,022	701,662	2,723,473	1,166,827	-	1,126
Teraglass	40,841	18,525	10,737,063	9,117,686	16,512,202	3,132,156	-	16,774
Teraplast Group	-	-	-	-	19,327	-	-	-
Teraplast Logistic	10,704,518	7,456,317	71,942	99,963	776,817	431,870	1,683,936	1,771,900
Teraplast Hungary	-	-	-	646,221	-	646,221	-	-
Total	14,627,617	9,766,885	11,306,681	10,585,990	20,318,308	5,513,804	2,135,181	2,089,742

As at 30 June 2017, the balance related to the business line transfer to Terraglass Bistrita is as follows: RON 4,413,942 is the long-term portion, as discounted to the present value and disclosed under non-current assets and RON 1,709,166 is the short-term portion disclosed under sundry debtors. Therefore, as at 30 June 2017, the total debt to be received at present value is RON 6,123,108.

Moreover, related to the loan contracts concluded with Teraplast Logistic, Teraplast Hungary and Terasteel Doo, the following balances were recorded as at 30 June 2017: RON 400,000, RON 362,434, and RON 13,013,355, respectively.

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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2017, the Company has letters of guarantee issued, as detailed below:

Issuer Bank	Period of validity	Amount	Currency	Object of guarantee
BT	30.05.2016- 30.06.2017	360,000	RON	Good performance in favor of ROMPETROL DOWNSTREAM

On 27 August 2013, the Company signed with Banca Transilvania Bank a contract – cap multicurrency letters of bank guarantee with multiple use and valid until 20 August 2017. The value of the cap is RON 1,750,000.

As at 30 June 2017, tangible assets and investment properties, in a net carrying amount RON 40,925,210 are set as a security for credits and credit lines (land and buildings – RON 24,657,350; equipment, tools and other non-current assets – RON 13,243,278). For the loans from banks, the Company guaranteed by means of all current and future cash, the merchandise and product inventories, either current or future, and assigned the current and future rights of debt, and their accessories arising from current and future contracts with its clients, in capacity of assigned debtors. Moreover, the Company has assigned the rights resulting from the insurance policies issued for movable and immovable properties set as guarantee.

Potential tax liabilities

In Romania, there are several agencies authorized to perform controls (audits). These controls are similar in nature to the tax inspections performed by the tax authorities in many countries, but they may cover not only tax matters, but also legal and regulatory matters, the concerned agency may be interested in. The Company is likely to be occasionally subject to such controls for breaches or alleged breaches of the new and existing laws and regulations. Although the Company may challenge the alleged breaches and related penalties when the management considers they are entitled to take such action, the adoption or implementation of laws and regulations in Romania could have a significant impact on the Company. The Romanian tax system is under continuous development, being subject to constant interpretations and changes, sometimes retrospectively applied. The statute of limitation for tax liabilities is 5 years.

The Company administrators are of the view that the tax liabilities of the Company have been calculated and recorded according to the legal provisions.

Environmental matters

The main activity of the Company has inherent effects on the environment. The environmental effects of the Company activities are monitored by the local authorities and by the management. As a result, no provisions were set for any kind of potential obligations currently unquantifiable in relation to environmental matters or actions for their remedial.

Transfer pricing

The Romanian fiscal legislation includes the “arm’s length” principle, according to which inter-company transactions should be performed at market value. Local taxpayers that perform inter-company transactions should prepare and submit the transfer pricing file with the Romanian tax authorities, upon written request of the latter. Failure to submit the transfer pricing documentation file or submission of an incomplete file may lead to penalties for non-compliance; in addition to the contents of the transfer pricing documentation file, the tax authorities may interpret the transactions and circumstances in a manner different than that of the company and, as a result, they may determine additional fiscal obligations resulting from transfer pricing adjustments. The Company management considers they will not record losses in the case of a fiscal review of transfer pricing. However, the impact of a different interpretation from the tax authorities cannot be reliably measured. This may be significant for the Company financial position and/or the operations.

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21. EVENTS AFTER THE BALANCE SHEET DATE

On 16 June 2017, the Board of Directors approved by Decision no. 37/16.06.2017 the acquisition by Teraplast SA of another 10% of the Depaco Company share capital.

On 3 July 2017, the Financial Supervisory Authority issued the Security Interest Registration Certificate no. AC-3420-5/03.07.2017 related to the increase in the share capital as approved by the Teraplast S.A. Extraordinary Shareholders' Meeting Decision no. 1 of 27 April 2017 with the amount RON 29,047,831 by the issue of 290,478,310 new shares with a nominal value RON 0.1/share.

In July 2017, the following loans were either contracted or reimbursed:

- A. On 21 July 2017, the investment loan signed with BRD on 24 May 2016 in an amount RON 7,016,026 and the investment loan signed with Unicredit in an amount RON 4,859,349 were reimbursed.
- B. On 19 July 2017 the loan in an amount EUR 1,711,000 contracted by TERASTEEL DOO from Banca Transilvania Bank was reimbursed.
- C. Following the reimbursement of the TERASTEEL DOO loan, Banca Transilvania Bank has made available to TERAPLAST the amount RON 15,003,558 out of the intercompany loan cap of RON 21,000,000, this contract being signed on 20 July 2017. The difference will be made available as TERAPLAST makes payments to TERASTEEL DOO.
- D. On 25 July 2017, Banca Transilvania Bank granted the second installment amounting to RON 3,220,000 from the credit line cap for the current activity financing as signed on 9 June 2017 in an amount RON 27,950,000. The difference will be made available after the full reimbursement of the credit line contracted by TERAPLAST from Unicredit.
- E. On 27 July 2017, Banca Transilvania Bank granted the first installment in an amount RON 973,708 from the investment loan in a total amount RON 4,630,000 for the CAPEX 2016 investment financing (from own sources).

These interim condensed separate financial statements were approved on 28 July 2017.

Mirela Pop
CEO

Ioana Birta
CFO

**The Board of Directors report on the stand alone financial statements of Teraplast SA prepared
in accordance with NSC regulation no. 1/2006, Appendix no. 31**

Date of the report: July 31st 2017

Name of the company: TERAPLAST S.A.

Headquarters: Bistrita, Teraplast Industrial Park, DN 15A, KM 45+500

Phone/fax: 0263 238202; Fax: 0263 231221

Sole registration number at the Trade Register Office: 3094980

Trade Register No: J06/735/1992

Regulated market on which the issued shares are traded: Bucharest Stock Exchange

Subscribed and paid share capital as at 31 June 2017: 56,643,266 lei

Regulated market on which the issued shares are traded: Bucharest Stock Exchange, standard cat., symbol TRP

The Board of Directors of Teraplast SA, appointed by the General Meeting of Shareholders, has drawn up for the first half 2017 this report on its balance sheet, profit and loss account, equity records, cash flows and accounting policy, as well as explanatory notes included in the H1 2017 consolidated financial statements.

The financial statements are submitted along with this Directors Report and refer to:

Equity: 215.640.841 RON

Turnover: 171,671,498 RON

Net result: 7,890,259 RON

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1. Financial indicators

1.1. The presentation of an analysis of the current economic-financial situation as compared to the similar period of last year.

a) Elements of balance sheet Teraplast Group

	31 December 2016	30 June 2017
	RON	RON
ASSETS		
Non-current assets	157,570,491	218,455,845
Current assets	149,336,024	211,877,448
Inventories	67,058,627	89,086,663
Trade and other receivables	65,918,851	97,701,840
Prepayments	326,173	934,252
Cash and short term deposits	16,032,373	24,154,693
Total assets	306,906,515	430,333,293
Equity and liabilities		
Equity	216,923,646	215,265,507
Total equity	56,643,266	56,643,266
Other capital reserves	450,980	
Share premium	27,384,726	27,384,726
Revaluation reserves	21,741,823	21,741,822
Legal reserves	12,407,036	12,407,037
Retained earnings	97,961,117	97,088,656
Capital attributable to controlling interests	216,588,948	215,265,507
Non-controlling interests	334,698	375,334
Total equity	216,923,646	215,640,841
Long-term liabilities	17,313,185	64,616,346
Loans and finance lease liabilities	10,504,823	57,659,459
Liabilities for employee benefits	351,936	351,936
Investment subsidies –non-current portion	2,928,558	3,157,466
Deferred tax liabilities	3,527,868	3,457,485
Current liabilities	72,669,684	150,076,106
Trade and other payables	53,041,025	102,121,250
Loans and finance lease liabilities	15,919,114	45,924,851
Income tax payable	189,284	1,023,010
Investment subsidies –current portion	463,441	
Provisions	3,056,820	1,006,995
Total liabilities	89,982,869	214,692,452
Total equity and liabilities	306,906,515	430,333,293

* The financials are unaudited and represent Teraplast's Group consolidated results prepared according to International Financial Reporting Standards (IFRS);

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b) Profit and loss account Teraplast Group

RON	30 June 2016	30 June 2017
Revenue	192,759,524	171,671,498
Operating result	23,086,816	10,445,862
Financial result	(1,276,034)	(806,207)
Share of the profit or loss of the joint venture accounted for using the equity method	934,777	(270,172)
Profit before tax	22,745,559	9,369,483
Income tax expense	(3,679,851)	(1,479,224)
Profit for the year	19,065,708	7,890,259
Comprehensive income for the year	19,065,708	7,890,259
Attributable to equity holders of the parent	19,015,425	7,817,718
Non-controlling interests	50,283	72,541
Total comprehensive income	19,065,708	7,890,259
Weighted-average number of shares	377,621,770	566,432,660
Result per share attributable to equity holders of the parent	0,05	0,01

* The financials are unaudited and represent Teraplast's Group consolidated results prepared according to International Financial Reporting Standards (IFRS);

Teraplast Group realized in the first half of the year 2017 a **turnover of 171.671 thousand lei**, as compared to 192.760 thousand lei in the similar period of 2016. In this consolidated revenues, Depaco and the panels' factory in Serbia have no contribution, the investment in the two companies being finalized in June 2017.

The evolution of the incomes was negatively influenced by the deadlock present in the environment infrastructure, in the context in which the installations & decorations business line represented over 35% in the 2016 consolidated turnover of Teraplast Group

A positive contribution to the consolidated revenues evolution had the company TeraSteel, which in the first half of the year obtained a **turnover of 64.860 thousand lei, increasing by 22%** as compared to the income obtained in the similar period of last year.

2. Evaluation of the Group's activity

2.1. The presentation and the analysis of the trends, elements, events or incertitude factors which could affect the company's cash flow as compared to the similar period of last year.

Teraplast Group was not in any moment in the impossibility to respect its financial obligations during the analyzed period.

2.2 The presentation and the analysis of the effects on the company's financial position of the current and anticipated capital expenses, as compared to the similar period of last year.

CAPEX in the first half of 2017 was of **30.48 million LEI** (1H 2016 = 6 mil LEI).

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2.3. The presentation and the analysis the events, transactions, economic changes which significantly affects the incomes from de based activity. The specification of the measure in which the incomes were affected by every indicated elements. Comparison with the similar period of last year.

Economic-financial operations for the 2017 first half were registered correctly, based on legal documents. Legal obligations, regarding the organization and the correct and up to date conduct of bookkeeping, regarding the compliance with the accounting principles and regarding the compliance of the accounting rules and methods established by the active regulations, were fulfilled.

The obligations towards state and local budget, towards special funds were correctly established and payments were made according to the legal provisions.

We also mention that the revenues, expenses and financial results of the first half of 2017 are truthfully reflected in the profit and loss account.

3. Changes which affect the equity and the management of the company

3.1. Description of the cases in which the company was in the impossibility to respect its financial obligations during the analyzed period.

Not the case.

3.2. Description of any changes regarding the rights of the company's shares owners.

Not the case.

4. Significant transactions

In the case of shares issuers, information regarding the major transactions closed by the issuer with the persons with which it acts concerted or in which there were involved these persons in the relevant period.

Not the case

5. ANEXE

To the present report are attached the following:

- Balance sheet, at 30.06.2017;
- The declaration of the Chief Executive Officer regarding taking charge for the elaboration of the first half 2017 financial statements;
- Shareholding structure at 30.06.2017;
- Copies of the documents concerning any changes in the article of association of the company, and also the management structures of the Group (directors, executive management).

6. MENTIUNE: H1 2017 financial statement are not audited.

Appendix:

Shareholding structure at reference date June 30th 2017

	30 June 2017	
	Number of share	%
Dorel Goia	264.955.049	46,77%
KJK Fund II SICAV-SIF	56.863.685	10,03%
Other individual and legal persons	244.613.926	43,18%
Total	566.432.660	100%

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Management structure of Teraplast

I. Board of the Directors

Teraplast is managed in a unitary system by a Board of Directors composed of five members appointed by the General Meeting of Shareholders by secret vote. The length of service of the Directors is one year and the Directors can be reappointed. At the date of this Report the structure of the Board of Directors is as follows:

Dorel Goia – Chairman

Mr. Dorel Goia is the main shareholder of Teraplast and he was elected in the in the Board of Directors in 2008. Mr. Goia is also Director in the Board of Directors of the companies Plastsistem SA, ACI Cluj and Parc SA and Chairman of the Board of Directors of the company Hermes SA.

Magda Palfi-Tirau – Independent non-executive Director

Mrs. Magda Palfi-Tirau has the profession of economist and she was elected in the Board of Directors of Teraplast in 2008. Mrs. Palfi-Tirau is Regional Corporate Director at Raiffeisen Bank and she is also member in the local Board of United Way Romania.

Petru-Raul Ciurtin – Non-executive Director

Mr. Petru-Raul Ciurtin has the profession of doctor and he was elected in the Board of Directors of Teraplast in 2016. Mr. Ciurtin is also Director in the company Policolor. Mr. Petru-Raul Ciurtin is the entrepreneur doctor from Ardeal who turned Albalact, an old bankrupt milk factory, into the leader of the Romanian diary market. This year Mr. Raul Ciurtin marked his exit from Albalact.

Razvan Lefter - Non-executive Director

Mrs. Razvan Lefter has the profession of economist and he was elected in the Board of Directors of Teraplast in 2014, at the proposal of KJK Fund, shareholder in Teraplast with 11%. Mr. Lefter is single shareholder and Director of the company RSL Capital Advisors and he is also Director in the Board of Directors of the companies Conpet Ploiesti, KJK Caramida Bucharest and Eurohold AD Sofia.

Mirela Pop – Interim Director

Mrs. Mirela Pop has the profession of economis and he was elected in the Board of Directors of Teraplast in May 2017 until the date of the of the General Meeting of Shareholders. Mirela Pop is economist and is part of Teraplast team since 2008. She initially managed various financial departments, and in 2014 passed into the commercial area, being responsible with the management of the Installations & Decorations business line. Since last year she is also managing the activities of the window profiles business line and the logistic activities.

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II. Executive Management

Teraplast's executive management is appointed by the Board of Directors, and at the date of this report it is delegated to two managers, one of whom holds the position of Chief Executive Officer. The executive managers manage the everyday activity of the company and must provide an accurate movement of corporate information.

Mirela POP

Chief Executive Officer responsible with: organizing, leading and managing the activity in Teraplast, based on the objectives and performance criteria set forth in the revenues and expenditures budget and the investment program approved by the General Meeting of Shareholders.

Born in 1967

Mirela Pop is economist and is part of Teraplast team since 2008. She initially managed various financial departments, and in 2014 passed into the commercial area, being responsible with the management of the Installations & Decorations business line. Since last year she is also managing the activities of the window profiles business line and the logistic activities.

Ioana BIRTA

Chief Financial Officer responsible with: financial-treasury direction, analysis department and IT department.

Born in 1983

Ioana Birta is a finance and accounting specialist, member of ACCA and CAFR, who, during the last 10 years, worked for top international audit and advisory firms. Since 2013 until 2017, Ioana led the office of EY in Cluj- Napoca. Starting with 2017 is the Chief Financial Officer of Teraplast.

Declaration of the management

According to the best available information, we confirm that the stand-alone and the consolidated financial statements, for the first half 2017, prepared according to IFRS, offer a correct and according to reality image of the assets, obligations, financial position and profit and loss account of Teraplast, as it is stated in the applicable accounting standards.

We also confirm that the operational performance statement and the information presented in this report offer a correct and according to reality image of the main events which happened in the first six months of 2017 and of their impact on the financial statements.

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