

Deloitte.

ROMCARBON S.A.

**INDEPENDENT ASSURANCE REPORT
AS OF
30 June 2018**

The Board of Directors
Romcarbon SA
Romania

Independent assurance report issued pursuant to the requirements of ASF Regulation No.5/2018

Purpose of independent assurance report

Further to your request, we have performed procedures, enumerated below, on the Appendix A1 issued by Romcarbon SA ("the Company") to The Authority for Financial Surveillance (ASF), with regard to the contracts signed by Romcarbon SA with the administrators, employees, shareholders who retain control, as well as persons engaged with these reported under article 82 of Law no.24/2017 with regard to the period January 1, 2018 to June 30, 2018. The Appendix A1 is the responsibility of the management of the Company ("Management").

Our engagement was undertaken in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Under this standard, we perform sufficient procedures, in order to obtain limited assurance with respect to the objectives of the specific procedures enumerated below. Because such limited procedures are not considered an audit or review of the financial statements or any parts thereof due to their inherent limitations and accordingly we do not provide any such assurance.

The Company reported to ASF transactions that exceed and that are below 50,000 EUR concluded during the first semester of 2018 with affiliated parties.

Company's responsibilities

Management is responsible for making available all supporting evidence for the purpose of the present report, with regard to the contractual details and prices agreed between Romcarbon and the administrators, employees, shareholders who retain control, as well as persons engaged with these as well as for defining, implementing and maintaining the internal controls which it consider necessary, without any significant misrepresentations caused by frauds or errors, in order to ensure that the terms and conditions governing the contractual relationship between the related parties and their application is managed in a transparent manner. Management is also responsible for adhering to the requirements of the legislation in force, applicable to its activity.

Criteria

- The contract details noted in Appendix A2 reported to ASF, agree with the contract.
- The contract was properly authorized by the contracting parties.
- The contract provides for the terms and conditions governing the contractual relationship between the related parties such as contracting parts, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- The price agreed between the parties is mutually agreed based on the type of product and other terms and conditions.

Deloitte's responsibilities

Our responsibility is to report on the compliance of the contractual details reported by Management to the ASF, with the contracts selected and concluded by the Company with its administrators, employees, shareholders who retain control, as well as persons engaged with these. Our engagement was performed

in compliance with the International Standard for Assurance Missions no. 3000 – “Assurance Missions other than audits or revision of historic financial information” (“ISAE 3000”). Our procedures were performed such that we would obtain a limited assurance that the terms and conditions governing the contractual relations between the parties to the contract, as well as their application are transparently managed, substantiated and reasonable in accordance with the criteria mentioned above (“Criteria”). The selected procedures rely on our professional judgement. An analysis includes the examination of the appropriate evidence based on the test performed. We consider that the evidence we have obtained is sufficient and adequate to form a basis for the conclusion.

We have applied the International Standard regarding Quality Control and as a result, we have maintained a complete system of quality control, including policies and procedures documented, with regard to compliance with ethical requirements, professional standards, as well as the applicable laws and regulations. We have complied with the independence requirements as well as other ethical requirements provided by the Ethical Code of Professional Accountants, issued by the Council for International Ethics Standards for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Procedures performed

- 1) Obtain Appendix A1, detailing the list of transactions reported for 2018, select the transactions that in H1 2018 had value higher than 50,000 EUR and agree the details of the contracts reported in Appendix A2 to the underlying contracts.
- 2) Obtain and review the contracts to verify that they have been properly authorized by the contracting parties and to ascertain whether they provide for: the contracting parties, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- 3) Obtain an understanding, by discussing with Management, as to how the contractual relationship for the reported contracts was established.
- 4) Discuss with Management and comment on the company’s internal policy with respect to transactions with its administrators, employees, shareholders that have control, as well as its related parties.

Results of procedures

- 1) We obtained Appendix A2 signed by Management and we agreed the details of the contracts pertaining to the first half of 2018 reported in the Appendix A2 to the underlying contracts. Our procedures have been applied only to the Appendix A2. We have not performed any procedures to verify whether this list include all the transactions to be reported by the Company under the provisions of article 82 of Law no.24/2017 with regard to the period January 1, 2018 to June 30, 2018. Our procedures were applied only to the transactions/contracts that exceeded 50,000 EUR during the 1st semester of 2018.
- 2) We obtained and reviewed the contracts and verified that they have been properly authorized by the contracting parties and verified whether they provided for the contracting parties, the contracts date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- 3) With respect to item (3) above, Management informed us that the price agreed between the parties were established as stated in point iv below.
- 4) With respect to item (4) above, we understand, based on our discussion with Management, that the Company has adopted the following pricing policies:
 - a) With respect to the contract 619/19.04.2010 on Appendix A2, space was rented to Living Jumbo Industry SA and the monthly rent paid by Living Jumbo Industry SA is similar with the monthly rent paid by Living Jumbo Industry SA when it was non-affiliated party. During the first half of 2018 no price changes were included in the contract.

- b) With respect to the contract 353 dated 22.01.2016, photopolymer clichés were sold to LivingJumbo Industry SA. Management advised us that the prices for photopolymer foil are established in the contract's annex, being negotiated with LivingJumbo Industry SA and are similar to the prices used in transactions with non-affiliated customers. For the similar commercialized items which are not included in the contract's items, the price is agreed through negotiation, having as reference the price used by the alternative supplier.
- c) With respect to the contract no 899 dated 04.02.2010 (Appendix A2), Polypropylene granules were sold to LivingJumbo Industry SA and the selling price is based on the acquisition cost from the supplier (including transport cost determined based on transport fee, EUR 16.5/tonne), plus a mark-up of 0.5%.
- d) Utilities (electricity, thermal energy, water and discharged water) are sold to LivingJumbo Industry SA under contract no 2586/1/12.07.2005 (Appendix A2) at a selling price that is equal with the direct costs (electricity from suppliers and maintenance costs), indirect costs (losses) and general expenses with no mark-up added. The same pricing mechanism is used for both affiliated and non-affiliated parties.
- e) Utilities (electricity, thermal energy, water and discharged water) are sold to LivingJumbo Industry SA under contract no 5648/24.11.2015 (Appendix A2) at a selling price that is equal with the direct costs (electricity from suppliers and maintenance costs), indirect costs (losses) and general expenses with no mark-up added. The same pricing mechanism is used for both affiliated and non-affiliated parties.
- f) With respect to the contract no 1841/29.12.2009 (Appendix A2), services for stations and trafo stations exploitation are provided by RC Energo Install SRL to Romcarbon SA. The price is determined based on the number of employees, number of working hours and hourly rate plus monthly fixed expenses. The hourly rate is determined based on the average salaries of specialists involved. The fixed costs represent the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers and other expenses.
- g) With respect to the contract no 1839/29.12.2009 (Appendix A2), services for water pump stations exploitation are provided by RC Energo Install SRL to Romcarbon SA. The price is determined based on the number of employees, number of working hours and hourly rate plus monthly fixed expenses. The hourly rate is determined based on the average salaries of specialists involved. The fixed costs represent the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers and other expenses.
- h) Romcarbon SA made acquisitions of big bags from LivingJumbo Industry SA based on orders (Appendix A2). The price was determined based on negotiations and the quantity ordered.

Conclusion

Based on our work as described in this report, procedures 1-4, with respect to the contracts listed in Appendix A2 for the period January 1, 2018- June 30, 2018, nothing has come to our attention that causes us to believe that, in all material aspects:

- a) The contract details noted in Appendix A2 reported to ASF, do not agree with the contract.
- b) The contract was not properly authorized by the contracting parties.
- c) The contract did not provide for the terms and conditions governing the contractual relationship between the related parties such as contracting parts, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- d) The price agreed between the parties was not mutually agreed based on the type of product and other terms and conditions.

Because the above mentioned procedures do not constitute an audit or a review performed in accordance with the International Audit Standards or International standards for review engagements we do not

express any opinion regarding the Company's financial statements as result of the performed procedures. As consequence, this report refers only to the documents, financial information mentioned above and does not depend on any of the Company's financial statements as whole or in part.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with the International Audit Standards or International standards for review engagements we might have had additional observations that we would have reported to you. Our work was limited to the procedures performed considering the information presented and our report refers to the related observations.

The procedures and observations from this report must be considered in the context of the scope for which these procedures were performed and, as consequence, they must not be used as sole basis for forming a conclusion.

The present report is addressed to the Company's management and Board of Directors. Our report has exclusively the scope presented in the paragraphs above and is not intended to be used by other persons than the ones that agreed the procedures to be performed and understand their sufficiency for their purposes. In the maximum limit allowed by the law we do not accept or do not assume the responsibility to any party other than the Company for our work or for the reported observations. The present report has been issued exclusively for the purpose presented in the first section and cannot be used or distributed for any other purpose or used as reference by any other external party except for the Company's internal purposes and the submission to The Authority for Financial Surveillance and Bucharest Stock Exchange (BSE).

For signature, please refer to the original Romanian version.

Deloitte Audit S.R.L.
Bucharest, Romania
30 July, 2018

APPENDIX A1



S.C. ROMCARBON S.A.

Buzău – Romania
J/10/83/1991; COD FISCAL 1158050
120012 Buzău, Str. Transilvaniei, nr. 132
Tel.: 0238/711.155; Fax: 0238/710.697
Internet: www.romcarbon.com



Nr.213/30.01.2018

RAPORT CURENT conform Regulamentului C.N.V.M. 1/2006

Conform:

Regulamentului C.N.V.M. nr. 1/2006 privind emitenții și operațiunile cu valori mobiliare;
Regulamentului C.N.V.M. nr.6/2009 privind exercitarea anumitor drepturi ale acționarilor în cadrul adunărilor generale ale societăților comerciale, cu modificări ulterioare;
Legii nr.24/2017 privind emitenții de instrumente financiare și operațiuni de piață;
Legii nr.31/1990, a societăților, republicată și cu modificări ulterioare;
Actul constitutiv al societății S.C. ROMCARBON S.A.

Data raportului:30.01.2018

Denumirea entității emitente:ROMCARBON S.A.sediul social: Buzău, str. Transilvaniei nr. 132, judetul Buzău

Numărul de telefon: 0238/723.115

Număr fax:0238/710.697

Codul unic de înregistrare: RO 1158050

Număr de ordine în Registrul Comerțului: J 10/83/1991

Capital social subscris și varsat : 26.412.209,6 lei

Piața reglementată pe care se tranzacționează valorile mobiliare emise: BVB Categoria Standard

Evenimente de raportat: Notificare tranzacții - conform art. 82 din Legea 24/2017, privind emitenții de instrumente financiare și operațiuni de piață

Situație tranzacții cu părți afiliate- realizat 2017 (Anexa 1) și estimat 2018 (Anexa 2), conform anexelor prezentului raport curent.

Menționăm că actele juridice prezentate au fost încheiate cu respectarea intereselor societății în raport cu ofertele de același tip existente pe piață.

Va stăm la dispoziție cu alte informații sau documente suplimentare.

Cu deosebită stimă,
Presedintele Consiliului de Administratie
Hung Ching Ling

Director General
Andrei Radu



Anexa nr.1**Tranzactii cu partile afiliate in anul 2017 (fara TVA)**

Parte afiliata	Vanzari 2017	Achizitii 2017
INFO TECH SOLUTIONS S.R.L.	23,333	395,705
LIVINGJUMBO INDUSTRY SA	35,047,140	1,141,534
RC ENERGO INSTALL SRL	89,672	1,790,895
YENKI SRL	12,678	-
Total	35,172,823	3,328,134

Creante reciproce la 26.01.2018

Parte afiliata	Sold clienti	Sold Furnizori
INFO TECH SOLUTIONS S.R.L.	2,426	37,406
LIVINGJUMBO INDUSTRY SA	10,992,668	187,700
RC ENERGO INSTALL SRL	9,822	384,928
Total	11,004,915	610,035

APPENDIX A2

Anexa 2 - Tranzactii parti afiliate - valori estimate an 2018									
Parte	Calitate contractuala	Parte contractanta	Calitate	Obiect contract	Nr. Contract	Penalitati intarziere	Termene si modalitati de plata	Valoare estimata in 2018 [fara TVA]	Durata contract
Romcarbon SA	Locator	Info Tech Solutions SRL	Locatar	Inchiriere spatiu	1816/23.12.2009	0.15%/zi	30 ale lunii in curs	10,916 lei	01.07.2021
Romcarbon SA	Locator	Info Tech Solutions SRL	Locatar	Inchiriere spatiu	1815/23.12.2009	0.15%/zi	30 ale lunii in curs	3,422 lei	01.07.2021
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Beneficiar	Furnizare utilitati- energie termica	1809/23.12.2009	0.10%/zi	15 zile de la primirea facturii	4,805 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Beneficiar	Furnizare utilitati - energie electrica	1808/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	5,890 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Beneficiar	Furnizare utilitati- apa	1807/23.12.2009	0.10%/zi	15 zile de la primirea facturii	634 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Cumparator	Vanzari stocuri/ servicii pe baza de comanda	Comanda Client	-	30 zile de la emiterea facturii	500 lei	
Romcarbon SA	Beneficiar	Info Tech Solutions SRL	Prestator	Prestari servicii IT	4088/30.12.2013	0.05%/zi	30 zile de la primirea facturii	245,388 lei	prelungire automata 1 an
Romcarbon SA	Cumparator	Info Tech Solutions SRL	Vanzator	Diverse servicii, diverse echipamente IT pe baza de comanda	Comanda Furnizor	-	30 zile de la emiterea facturii	300,000 lei	
Romcarbon SA	Locator	RC Energo Install SRL	Locatar	Inchiriere spatiu	1814/23.12.2009	0.15%/zi	30 ale lunii in curs	46,936 lei	1/1/2019
Romcarbon SA	Furnizor	RC Energo Install SRL	Beneficiar	Furnizare utilitati-energie electrica	1812/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	13,263 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	RC Energo Install SRL	Beneficiar	Furnizare utilitati - apa	1811/23.12.2009	0.10%/zi	15 zile de la primirea facturii	8,999 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	RC Energo Install SRL	Beneficiar	Furnizare utilitati- energie termica	1810/23.12.2009	0.10%/zi	15 zile de la primirea facturii	32,257 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	RC Energo Install SRL	Beneficiar	Diverse	Comanda Client	-		5,000 lei	
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii posturi trafo - Bz	1841/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	615,067 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii pompe apa	1839/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	612,533 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere instalatii gaze	1840/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	44,899 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Prestare servicii citire contori	1835/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	3,946 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Service utilaje, instalatii, echipamente si aparate	1834/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	212,878 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii posturi trafo -IS	1836/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	38,640 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Masuratori dispersie prize de pamant	2298/12.08.2010	0.06%/zi	15 zile de la emiterea facturii	25,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere poduri rulante si stivuitoare	3365/31.10.2013	-	15 zile de la emiterea facturii	30,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere instalatii umidificare	2959/27.09.2013	0.06%/zi	15 zile de la emiterea facturii	20,000 lei	prelungire automata 1 an
SC Romcarbon SA	Beneficiar	SC RC Energo Install SRL	Prestator	Prestari servicii - service instalatii detectie	4086/27.12.2013	-	30 zile de la emiterea facturii	23,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Verificare si reparatii retea hidranti	5961/24.12.2015	0.06%/zi	30 zile de la emiterea facturii	20,000 lei	prelungire automata 1 an

Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Inspectii termografice	35/03.05.2016	0.06%/zi	facturi 3 zile de la emiterea facturii	15,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Diverse lucrari pe baza de comanda si deviz	Comanda furnizor	-	30 zile de la emiterea facturii	1,000,000 lei	-
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Cumparator	Vanzare produse PE	353/22.01.2016	0.15%/zi	60 zile de la livrare	2,000,000 lei	initial 1 an, cu prelungire automata an de an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Cumparator	Vanzare granule polimeri	899/04.02.2010	0.15%/zi	45 zile de la livrare	45,599,981 lei	initial 1 an, cu prelungire automata an de an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Furnizare utilitati-energie electrica	2586/1/12.07.2005	-	15 zile de la emiterea facturii	2,188,579 lei	prelungire automata 1 an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Furnizare utilitati - apa	2586/2/12.07.2005	-	10 zile de la primirea facturii	57,239 lei	prelungire automata 1 an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Furnizare utilitati-energie termica	2586/3/12.07.2005	0.30%/zi	5 zile de la primirea facturii	84,975 lei	prelungire automata 1 an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Furnizare utilitati-energie electrica	5648/24.11.2015	0.30%/zi	15 zile de la emiterea facturii	1,406,547 lei	prelungire automata 1 an
Romcarbon SA	Locator	LivingJumbo Industry SA	Locatar	Inchiriere server	1138/29.01.2015	0.15%/zi	15 zile de la emiterea facturii	9,180 lei	prelungire automata 4 ani
Romcarbon SA	Prestator	LivingJumbo Industry SA	Beneficiar	Procesare deseuri	4999/29.09.2015	0.03%/zi	60 zile de la emiterea facturii	300,000 lei	29/09/2016 cu posibilitatea prelungirii pe o perioada de 12 luni
Romcarbon SA	Locator	LivingJumbo Industry SA	Locatar	Inchiriere spatiu	619/19.04.2010	0.15%/zi	Pana in data de 30 ale lunii in curs	553,760 lei	01.11.2022
Romcarbon SA	Locator	LivingJumbo Industry SA	Locatar	Inchiriere spatiu	J/913/17.01.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	201,493 lei	31.12.2026
Romcarbon SA	Locator	LivingJumbo Industry SA	Locatar	Inchiriere spatiu	J/914/17.01.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	115,710 lei	31.12.2026
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Locatar	Inchiriere spatiu	J/1722/01.08.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	98,419 lei	01.08.01.08.2027
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Diverse	Comanda Client	-	-	150,000 lei	-
Romcarbon SA	Prestator	LivingJumbo Industry SA	Beneficiar	Executarea lucrari de prelucrari mecanice	6564/10.07.2015	0.05%/zi	30 zile de la emiterea facturii	20,000 lei	initial 1 an, cu prelungire automata an de an
Romcarbon SA	Cumparator	LivingJumbo Industry SA	Vanzator	Cumparari deseuri	J521/19.08.2016	-	15 zile de la emiterea facturii	400,000 lei	prelungire automata 1 an
Romcarbon SA	Cumparator	LivingJumbo Industry SA	Vanzator	Cumparari de stocuri de materiale, marfuri si servicii pe baza de comanda	Comanda furnizor	-	30 zile de la emiterea facturii	1,000,000 lei	-
Romcarbon SA	Cumparator	Yenki S.R.L.	Vanzator	Prestari servicii pe baza de comanda	Comanda furnizor	-	30 zile de la emiterea facturii	5,000 lei	-

Director General,
Andrei Radu
Director Financiar,
Zainescu Viorica Ioana

