

S.C. ROMCARBON S.A.

Annual report for the year ended 2018
Separate Financial Statements

Buzau, 132 Transilvaniei street

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S.C. ROMCARBON S.A.

Company Identification

Annual report according with ASF regulation nr. 5/2018

Date of release: 24/25.04.2019

Reporting date: 31.12.2018

Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , Str. Transilvaniei, nr.132

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Website : www.romcarbon.com

E-mail : investor.relations@romcarbon.com

Registered business number: J10 / 83/1991

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

Regulated market where the issued securities are traded: Bucharest Stock Exchange,

Standard category, Symbol : ROCE

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

Thinking
forward

LANGUAGE DISCLAIMER

This document represents the English version of the original official Romanian document. The English version has been created for English readers' convenience. Reasonable efforts have been made to provide an accurate translation, however, discrepancies may occur. The Romanian version of this document is the original official document. Any discrepancies or differences created in the translation are not binding. If any questions arise related to the accuracy of the information contained in the English version, please refer to the Romanian version of the document which is the official version.



1.ANALYSIS OF THE COMPANY ACTIVITY

1.1.a) S.C. Romcarbon S.A. has the following main activities:

2221 Manufacture of plates, sheets, tubes and plastic profiles

2222 Manufacture of plastic packaging

2223 Manufacture of plastics for construction

2229 Manufacture of other plastic products

2932 Manufacture of other parts and accessories for motor vehicles and their engines

3832 Recovery of sorted materials

3299 Other manufacturing.

1.1.b) S.C. Romcarbon S.A. was founded in 1952 under the name "Chimica".

SC Romcarbon S.A. was established under Law No. 15 and 31/1990, HG 1213/1990 as a result of reorganization of „Intreprinderii de Mase Plastice Buzau“.

1.1.c) There were no merges or reorganization of the Company during the year ended.

1.1.d) The inputs of "Property, plant and equipment" during 2018 are presented in the table below :

Category	Value
Plants	3,263,265
Equipment and Machineries	6,205,237
Controlling device	122,382
Vehicles	160,255
Furniture	110,983
TOTAL	9,862,122

The main "Property, plant and equipment" entries during the reporting period were:

Item	Entry values	Section
HOMOGENIZING MACHINERY	3,229,327	CP7-COMPOUNDURI
EXTENSION OF THE PRODUCTION HALLS (WINGS A:E)	2,117,678	CP7-COMPOUNDURI
MOULDS (3 PIECES)	856,540	CP5-POLISTIREN
IMPROVING THE FILTERING AND REGRANULATION LINE	582,914	CP7-COMPOUNDURI
IMPROVING THE REGRANULATION LINE	508,447	CP7-COMPOUNDURI
IMPROVING THE ELECTRICITY PLANT	432,063	ADMINISTRATIV
EXTENSION OF THE PRODUCTION LINE	316,314	CP7-COMPOUNDURI
EXTENSION OF THE PRODUCTION LINE – PVC GRANULE HALL	220,244	CP7-COMPOUNDURI

The outputs of tangible assets from the company in 2018 are shown in the table below:

Asset	Dismantle/casasion	Sales	TOTAL
Property investments (Land and plants)	0	15,376,481	15,376,481
Tangibles asstes at gross value	968,169	225,224	1,193,393
Total	968,169	15,601,705	16,569,874

GENERAL ASSESSMENT OF THE COMPANY

Indicator	2017	2018	2018 vs. 2017	
Sales of finished goods	140,128,883	148,386,635	8,257,752	6%
Total sales (Turnover)	197,966,579	200,716,405	2,749,826	1%
Export	50,024,168	52,894,181	2,870,013	6%
Total Revenues	213,698,503	76,792,212	-136,906,290	-64%
Total Expenses	208,900,437	71,991,858	-136,908,579	-66%
EBIT	7,325,990	6,168,893	-1,157,097	-16%
EBITDA	15,768,480	14,702,843	-1,065,637	-7%
Profit/Loss of the exploitation activity	6,632,956	4,560,927	-2,072,030	-31%
Profit/Loss of the financial activity	-1,834,891	239,427	2,074,318	-113%
Net profit	4,798,066	4,800,356	2,290	0%
Cash and cash equivalents	2,529,017	3,331,011	801,993	32%

Market share (%) in Romania:

Group of products		% of domestic market (estimation)
Auto and industrial filters	~CP1	2%
Active carbon	~CP2	5%
Respiratory protective equipment	~CP2	18%
Polyethylene products	~CP3	5%
PVC products	~CP4	1%
Polystyrene products	~CP5	8%
Polypropylene products (pp bags)	~CP6	16%
Regenerated plastics & Compounds	~CP7	3%

1.1.2 Technical assessment of the company

SC Romcarbon S.A. Buzau activity profile is to process polymers and convert them into plastic packaging, to manufacture filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

In 2018, production activity was carried out in 7 profit centers as follows:

- **Profit Center no.1 – Car and industrial filters.** In this center are manufactured air, oil and fuel filters for cars, trucks and tractors, railway equipment and also industrial and agriculture filter;
- **Profit Center no. 2 with 2 workshops:**
 - Workshop of Protective equipment that produce personal protective respiratory equipment - masks and cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment;
 - Workshop of Active Carbon that manufactures charcoal - semi finished necessary for protective equipment, as well as coal used in the oil industry, food, chemical and pharmaceutical industries.
- **Profit Center no. 3** with Polyethylene workshop where are manufactured different sizes of polyethylene packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil and photopolymer clichés.
- **Profit Center. no. 4 with two workshops:**
 - PVC pipes workshop is engaged in the production of PVC pipes as semi –finished products.
 - Recycled PVC bases for traffic signs’ workshop
- **Profit Center no. 5** with expanded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where are manufactured casseroles and trays for food industry and products for constructions as plates and rolls.
- **Profit Center. no. 6** – Polypropylene workshop - where are manufactured polypropylene products : laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food and chemical industry.
- **Profit center no. 7** – Compounds- with two activities:
 - Treating of plastic scraps by separating the recyclable fractions, grinding, extruding and filtering the separated fractions.
The finished products are plastics regranulated products, compounds and composites plastic products.
 - Treating the postproduction Polyethylene foil scraps by washing, extruding and filtering/separating. The finished products are PE and PP regranulated products and compounds.

The company has 3 working points:

- Working point - Bucharest – The main activity is commercial operations and management;
- Working point - Stefanesti – The main activity is renting the assets for production purpose;
- Working point - Iasi - The main activity is renting the assets for production purpose

The main groups of products and their share in the total turnover:

	2016	2017	2018
- Sales of Finished products, Total, out of which:	68.37%	71.81%	74.77%
CP1~ Auto and industrial filters,	2.31%	1.96%	1.32%
CP2~ Respiratory protective equipment and Active Carbon	1.63%	1.29%	1.00%

CP3~ Polyethylene products	14.02%	14.00%	16.40%
CP4~ PVC products	0.24%	0.30%	0.40%
CP5~ Polystyrene products	19.17%	18.66%	19.06%
CP6~ Polypropylene products	20.78%	19.17%	19.23%
CP7~ Regenerated plastics & Compounds	10.21%	16.42%	17.35%

The difference up to 100% represents the sales of merchandises, services, rents and other sales.

New products developed in 2018

In 2018 was enlarged the range of industrial filters with 25 new items. In automotive sector and railways 29 new filters entered in production.

In Profit Center No. 7- Compounds were developed 14 new receipts of compounds manufactured from recycled plastic, the new products are delivered to beneficiaries for testing.

In Profit Center No. 3- Polyethylene , new products have been assimilated which are delivered to customers: wrapping foil for EPS panels for automatic installation; collection foil for automatic installation; HDPE garbage bags and grabage bags made form virgin polymers.

The development activity was focused both on developing new products and new production tehnologies and on improving the existing tehnologies.

Have developed new projects in the following Profit centers

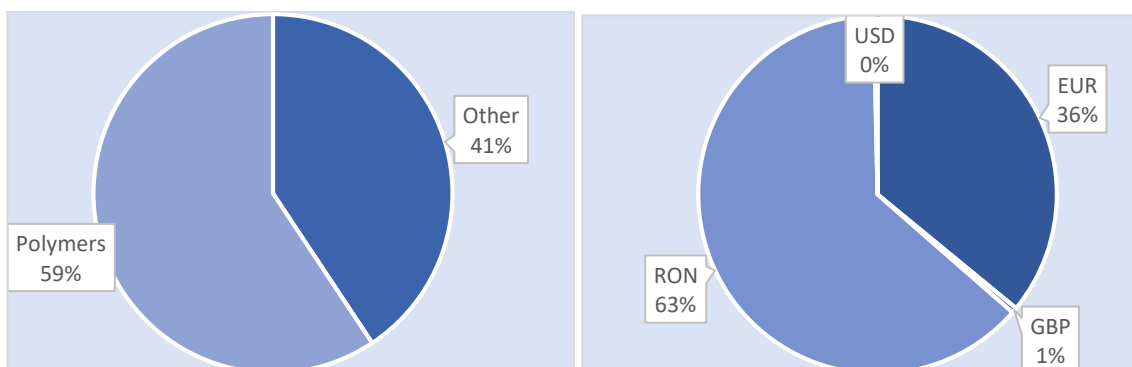
- Profit Center No. 7- Compounds : Shredding line for waste and lumps generated during the extrusion process. Has the role of reducing to small and uniform sizes, a wide range of materials(different types of post-industrial waste and postconsum, and lumps). The products obtained after grinding may be marketed as such like semi-finished products or can be reintroduced into the process, getting new products. The regranulation line by extending the processing of the range of low-density for raw materials. the improvement consists in provision with feed conveyor equipped with a metal detector.
- Profit center No. 3- Polyethylene: Homogenizer of 1 mc- First purchased from a series of homogenizers. For optimize the extrusion process it is necessary to provide a homogeneous raw material, to provide continuity to the technological process and provide the same physico-chemical characteristics of the products obtained. This serves the extruders which are not foreseen with multiple gavimetric dispensers and for which recipes are used with polymers and additives in varying proportions. New laboratory equipment has been installed and put into operation.

1.1.3 The assessment of the procurement activity (domestic and import)

The supplying chain of raw materials, materials and services is done according to the specific internal procedures. Following the analysis of a minimum 3 commercial offers, the best alternative is selected, which then becomes the acquisition. Collaborations with agreed suppliers are conducted on the basis of commercial contracts or confirmed spot orders. The portfolio of raw materials suppliers for most production sectors includes companies with the headquarters in Romania in a percentage of 63%, and companies acting on the foreign markets in a percentage of 37%. For the Compound sector, the raw material supplied comes in a percentage of 87% from romanian market, while the difference is ensured by the foreign markets.

The most important weight (59%) in the value of the raw materials and materials acquisitions are the polymers (polypropylene, polyethylene, polystyrene), which are the basic raw material. These are supplied by various companies with which SC Romcarbon SA has developed long term partnerships.

In order to provide the customers with the best products, Romcarbon is continually involved in developing new projects and is open to new collaborations. Related to the supplier's currency in 2018 the acquisitions of raw materials and materials had the following structure:



1.1.4 The assessment of sales activity

Evolution of turnover resulting from the sales of finished products is presented in the following table:

Group of products	2016		2017		2018		2018 vs. 2017		
	Value	% in total	Value	% in total	Value	% in total			
CP1~ Auto and industrial filters,	4,130,687	3.38%	3,830,438	2.73%	2,623,159	1.77%	▼	(1,207,279)	-32%
CP2~ Respiratory protective equipment and Active Carbon	2,915,747	2.39%	2,514,286	1.79%	1,994,419	1.34%	▼	(519,866)	-21%
CP3~ Polyethylene products	25,059,617	20.51%	27,326,932	19.50%	32,556,680	21.94%	▲	5,229,748	19%
CP4~ PVC products	434,054	0.36%	582,367	0.42%	784,529	0.53%	▲	202,162	35%
CP5~ Polystyrene products	34,260,687	28.04%	36,420,305	25.99%	37,832,816	25.50%	▲	1,412,511	4%
CP6~ Polypropylene products	37,144,517	30.40%	37,408,712	26.70%	38,163,803	25.72%	▲	755,091	2%
CP7~ Regenerated plastics & Compounds	18,245,980	14.93%	32,045,842	22.87%	34,431,228	23.20%	▲	2,385,386	7%
Total	122,191,290	100.00%	140,128,883	100.00%	148,386,635	100.00%	▲	8,257,752	6%

Evolution of turnover resulting from the sales of finished products according to its distribution on the domestic/foreign market is presented below:

Sales of finished products	2016		2017		2018	
	Value	%	Value	%	Value	%
Domestic market	83,100,987	68.01%	90,478,709	64.57%	96,001,772	64.70%
Exports	39,090,303	31.99%	49,650,174	35.43%	52,384,863	35.30%
Total	122,191,290	100.00%	140,128,883	100.00%	148,386,635	100.00%

The structure of the turnover resulting from the sales of finished products on foreign markets is presented below.

Tara	2017	% in 2017	2018	% in 2018
Bulgaria	14,719,698	29.65%	12,321,732	23.52%
Germany	8,488,229	17.10%	12,042,150	22.99%
Polond	4,595,353	9.26%	5,031,717	9.61%
Serbia	4,457,607	8.98%	4,517,145	8.62%
Hungary	1,695,768	3.42%	2,795,920	5.34%
Spain	2,282,144	4.60%	2,482,621	4.74%
Italy	1,322,556	2.66%	2,039,302	3.89%
China	363,780	0.73%	2,025,882	3.87%
France	1,449,905	2.92%	1,596,481	3.05%
Greece	2,807,035	5.65%	1,437,220	2.74%
Slovakia	1,288,786	2.60%	1,347,909	2.57%
Moldova	1,446,715	2.91%	920,346	1.76%
Netherlands	777,563	1.57%	699,199	1.33%
Ukraine	431,060	0.87%	571,134	1.09%
Switzerland	893,153	1.80%	543,909	1.04%
Cehia	347,750	0.70%	321,988	0.61%
Croatia	601,685	1.21%	312,269	0.60%
Bosnia and Hertegovina	185,733	0.37%	284,111	0.54%
Non-UE countries	354,732	0.71%	242,430	0.46%
Macedonia	119,009	0.24%	147,627	0.28%
Belgium	182,043	0.37%	130,046	0.25%
Maroc	0	0.00%	105,244	0.20%
Other	839,870	1.69%	468,481	0.89%
Total	49,650,174	100.00%	52,384,863	100.00%

1)AUTOMOTIVE AND INDUSTRIAL FILTERS

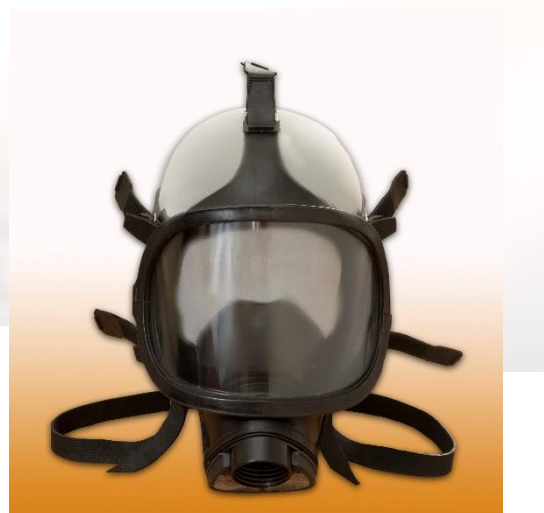
a) The market

The main market is the domestic one with a share of 97%, while the exports contributes with 3% of sales. 50% of filters sales consist in automotive filters, 24% railway and ships filters, 13% industrial filters and 13% filters for agriculture. The sales process of filters is made both directly to the final client and through distributors. The main objectives in marketing and sales process are increasing the sales of automotive filters to large domestic and foreigner spare parts distributors and diversifying the range of auto filters in order to cover much of the vehicles brands sold on Romanian market. Also our intention is to increase the sales of auto filters to the vehicles manufacturers under their own brand and to increase the exports. For 2019 we intend to increase the sales of industrial and agriculture filters and also to resume the sales of vacuum filters.

b) Competition :

In terms of the product brand:

- Large manufacturers of automotive filters as MANN, MAHLE, BOSCH have the advantage of owning big budget marketing departments but also strong research – development departments being able to offer the full range of air, fuel and oil filters;
- Low-cost brands that invade the European market through a single competitive advantage, a very low price.



2) ACTIVE CARBON AND RESPIRATORY PROTECTIVE EQUIPMENTS

a) The market:

SC ROMCARBON SA Buzau is the unique producer of active carbon and individual and collective protective equipments. In 2018 the main market was the domestic market. Our clients are companies of chemical industry, extractive industry, pharmaceutical and food industry, companies that design and execute filtroventilation installations, companies that have the sphere of activity in metal coatings, public institutions (schools, town halls, so on..), biogas production and purification stations.

The products have been sold by ROMCARBON SA Buzau directly to the end user, but they have been delivered to some distribution of protective equipments companies.

b) Competition:

Our main competitors are some distributors of equivalent products manufactured in Germany, Spain, Italy (for example: DRAEGER SAFETY Bucharest – Draeger products, MONDO INDUSTRY Piatra Neamt – Draeger and BLS GROUP products, DANGER Brasov, RENANIA Tg Mures, 3 M ROMANIA – 3M products).

**3) POLYETHYLENE PRODUCTS****a) The market:**

The distribution of sales of Polyethylene products is: 63% on domestic market and 37% on foreign markets.

Polyethylene products market shows a high degree of dispersion of demand, there is a large number of customers that pack food or non-food products by thermoshrinking or without thermoshrinking and is far away of being a market with a single customer or group of customers to dictate the market price. The price of this type of products is formed naturally in the market, free, due to the process of meeting the supply and the demand. In 2018 the sales of Polyethylene increased with 19% as compared with 2017.

b) Competition:

S.C. ROMCARBON S.A. kept up, in general, with competition that, in this field was only the internal, adapting to customer requirements and applying competitive price, reasonably payment terms and fast delivery conditions .

It could be observed a move of market demand to general use foil and garbage bags produced out of regenerated plastic.

**4) PVC PRODUCTS**

In 2018, the recycled PVC supports for road signs entered foreign markets. The sales increased in 2018 by 35% as compared with 2017.



5) POLYSTYRENE PRODUCTS

a) The market

➤ Expanded polystyrene trays (standard and catering).

According to data from the National Statistics Institute on imports of this product; the import of polystyrene products is above 80% of the total market. Due to the fact there are only 2 domestic producers on the market, National Statistics Institute could not give us information about the market share invoking the confidentiality rule in such cases.

➤ Extruded polystyrene panels / XPS panels and rolls

According to data from the National Statistics Institute on imports of this product, Romcarbon market share is below 20%. The main market is the domestic one. The sales of this product range is achieved both through national distributors and directly to end consumers.

The distribution of sales in 2018 was of 67% on domestic market and 33% on foreign market. The sales increased in 2018 by 3.8% as compared with 2017. The share of export sales registered an increase of 2% compared to 2017, especially on the markets of Bulgaria, Serbia, Croatia, Czech Republic, Hungary and R.Moldova. The main foreign markets are: Bulgaria, Serbia, Czech Republic, Hungary, Croatia, Israel.

b) Competition

The main competitors for polystyrene packaging are: British Foam Group **and** Euroconf Impex SRL Belcesti- Iasi **(in a small weight)** - local producers, and other European manufacturers such as Linpac, Sirapgema, Coopbox.

For XPS pannels, the main competitors are manufacturers from Poland (DECORA, VTM) and Germany (SELITAC). Still from a company from Rusia(Decoplast Rusia) low prices EPS products are sold on Bulgarian market and Moldovan market

6) PROLYPROPYLENE PRODUCTS

a) The market

This Profit Center activates on the plastic wrappings market. Generally speaking in 2018 on the wrappings market it was maintained a higher demand of PP products, which led, as in the previous years, to a good coverage of production capacity. In 2018 the sales has the following distribution : 70% on the domestic markets and 30% at export.

The increase of the sales on domestic market is owed to the clients which activate in DIY (Do It Yourself) stores.

a.1) Domestic market

Sales activity takes place both through distributors and directly to companies that work in the mills-bakery industry, chemical industry, sugar industry, salt-processing industry or the production of animal feed and DIY sector.



Because the domestic clients are interested not only in low prices but also in good quality products, we try to give our customers all the support and meet their demands by offering suitable packaging solutions for their products.

a.2) Foreign market

We have no data to help us determining the share of the foreign market, but we intend to increase our share of this market in sales of polypropylene packaging with high added value.

On the external market, our customers are mainly large distributors in Poland, Greece, the Netherlands, Spain, France, Serbia, Hungary, Germany, Latvia, Croatia s.o.

b) Competition:

On the domestic market of polypropylene packaging we meet with two major manufacturers, Romtextil SA and Luna Plast SRL, and with other importers of several small bags of polypropylene.

On the foreign markets the competition consists in, besides the companies from Asia who put on market high quantities of packaging, the manufacturers from the immediate neighbourhood of Romania, such as Bulgaria.

Major dependents. There are not significant customers which, in terms of turnover deployed with them, to represent a risk factor for the company.

7) COMPOUNDS

a) The market

Division of Plastics compounds is the latest investment of ROMCARBON SA and completes its long such experience in processing plastics. The new profit center (compounds) began production in August 2012.

By adding and mixing different additives and fillers in polymers are obtained improved mechanical properties, resistance to UV radiation, flame resistance, shock resistance etc.

The center is equipped with the latest technology from some of the world leaders in the field of extrusion equipment and laboratory equipment. Current production capacity of the factory of compounds is about 30,000 tons/ year.

The product range consists of two main categories:

➤ **Plastics compounds made from virgin polymers**

(9% of CP7-Compounds sales)

At this time, the products assimilated in production are based on:

- Polypropylene (PP reinforced with calcium carbonate in various proportions and colors, PP reinforced with talc in various proportions and colors, glass fiber reinforced PP);
- Polyamide (PA6 or PA66 reinforced with fiberglass in various proportions, natural or black);
- ABS with various colors masterbatch.

Our clients are plastics processors who produce articles for various applications in the automotive industry, electrical and appliances industry, furniture, construction, pipes, packaging etc.



➤ **Compounds and re-granulated recycled polymers**
(91% of CP7-Compounds sales)

Recycled polymers represent a cost saving alternative to virgin raw materials. Depending on the purity of the material, Romcarbon technology is able to provide its clients both regranulated with exclusive content of recycled polymers, combinations in different proportions of virgin polymers with recycled polymers, and to provide optimized products from the combination of recycled polymers reinforced with various materials. (calcium carbonate, talc, glass fiber).

The potential of this market segment is determined by the presence of Renault in Romania and, implicitly, of its subcontractors that supply various plastic injection parts; it is shown a growing trend for recycled plastic (especially polypropylene) to certain parts of the vehicles.

At this time, similar products in this subcategory are:

- Polypropylene regranulated in various colors.
- Polypropylene recycled compounds for various industries;
- Polystyrene regranulated in various colors;
- ABS (Acrylonitrile Butadiene Styrene) regranulated;
- High and low density Polyethylene regranulated;
- Low density linear polyethylene regranulated;
- Polycarbonate regranulated.

The turnover increased in 2018 with 7% as compared with 2017.

The 2018 sales were distributed as follows : 53% on the domestic market and 47% on foreign markets. The foreign market is represented by clients from Bulgaria, Hungary, Germany, Italy, Spain, Croatia, Czech Republic, Poland, Belgium. New collaborations have begun with customers from China and Ireland.

c) **Competition:**

For virgin compounds the competition is mainly represented by the big producers from oil industry.

➤ Domestic market – Recycled products

The main competitors are: Ecofriend Recycling, Crilelmar, Calex, Remat, Total Recycling, Italplast Group.

➤ Foreign market – Recycled products

The main competitors are: Ecoinvest (Bulgaria), PMB (Bulgaria), Sky Plastic (Austria), Atus Recycling (Poland), Rego Plast (Hungary), Pokas Recycling (Greece) Megaport (Bulgaria), Galoo Plastics (Belgium), Synova (France).



1.1.5 The assessment of the aspects related to the personnel of the company

The number of SC Romcarbon SA employees at 31.12.2018 was 969, grouped according to the level of education as follows:

Total personnel, out of which:	969	%
• higher education*	106	11%
• post-secondary school	13	1%
• technical school for foreman	9	1%
• secondary education	393	41%
• vocational school	216	22%
• 9 – 11 classes/apprentice school	107	11%
• occupational qualification	43	4%
• school	82	8%

*Out of the total personnel with higher education, 66 persons are employed on positions which require higher education.

The relationships between managers and employees are relations of subordination according to the Company's organizational chart, job descriptions and individual labor contract.

Each employee is directly subordinated to their superior. Superiors are responsible for the legality and validity of the instructions they issue, and the consequences of these instructions.

There were no conflicts in the relations between managers and employees. Employees are not organized in a trade union.

1.1.6 The assessment of the impact of the company's activity on environment

S.C. ROMCARBON S.A. holds the new environmental permit in accordance with the new NACE codes Classification of Activities of National Economy, Revised Edition, NACE Rev. 2 according to INS Order 337/2007, published in Official Gazette of Romania, Part I, no. 293 / 03.05.2007.

S.C. ROMCARBON S.A. comply with environmental protection legislation, not being involved in litigation regarding infringement legislation. Periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

S.C. ROMCARBON S.A. has implemented and certified an integrated quality management system - environment - occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007, applicable to the design and manufacture of protective equipment for respiratory tract - SRAC certificate.

The activity of assessment/reassessment of the environment aspects is based on the internal procedure - PS-03-Environment aspects. This procedure finds the process through which the company evaluates the environment aspects of its activities and its products, - aspects that the company can control, and also the impact of its products on the environment after the products had finished their life cycle.

For evaluating the environment aspects are taking in consideration the air emissions, water leaks, soil impregnances, raw materials and natural resources usage, energy consumption, energy emissions (heat, rays, vibrations (noise), light), wastage generation, space usage.

A special attention is given to the products' life cycles stages which can be controlled or influenced by the company. The list of the significant environment aspects is updated yearly or whenever appear changes in the company, in regulations in force or other requires to whom the company choose to comply with.

Based on the significant environment aspects, the top management together with the Environment responsible and MCM departament (Quality and Environment Management) setup the strategic objectives (Level 1) and operational objectives(Level 2) founded in the Management program.

The objectives are setup in accordance with Policy fro Quality, Environment, Health and Safety, with the engagements in preventing the pollution, with obligations for compliance and improving.

The changes and developing new activities or products could invalidate the aspects previously indentified or may demands additions in the list of the significant environment aspects, in which cases is made a reassessment of the environment aspects.

Exemples of such changes:

- Change of the applicability area of Integrated Management System;

- Development of new products or services;
- Changes of the production processes, changes of technology, or insertion of new processes;
- Significant increase or decrease of the production capacity;
- Extension or relocation of an activity;
- Changes in compliance obligations with environment issues;
- Emergency situations

At the beginning of 2018 were evaluated the environment aspects and was concluded that the company might confront significant environment aspects only in abnormal situations and major force case.

1.1.7 The assessment of the research and development activity

The research and development activity carried out by the Department of Technical and Investment in collaboration with internal departments involved and with agreed service providers, includes:

- Product certification according to the national and european regulations:

In 2018 it were prolonged the product certification for oil filters, fuel filters, autovehicles filters, multigas filters and corrugated hose with two connectors for CO retention;

- Re-certification of packaging manufactured from polypropylene, polyethylene and polystyrene in terms of compatibility with food, in accordance with regulations in force;
- Obtaining annual health certificate required for expanded polystyrene packaging for export to non-EU countries;
- Development of new products and technologies while developing the existing ones;
- Acquisition of the new equipment in order to increase the company productivity and the products quality;
- Updating the tehcnical documentation of the PSE and Compound products.

The cost of reaserch and development activity in 2018 was RON 967,348, while for 2019 it was budgeted a cost of RON 997,846.

1.1.8 The assessment of the company's activity related to risk management

SC ROMCARBON SA had implemented the management of risk according to the standard SR EN ISO 31010-Risk management. Using valuation techniques were identified and analyzed risks in all functional departments within the organization. It had been have issued registers of risks for each functional department, a register of risks for the entire organization and a Action plan to deal with risks.

Given the global financial and economic crisis, SC Romcarbon SA had to adapt to new conditions and constraints coming from the market facing with these risks:

Market risk

In 2018 the company recorded an increase of turnover with 1% as compared with 2017 reaching a total of RON 200,716,405. The turnover resulting from the sales of finished products had increased in 2018 with 6% as compared with 2017. The largest increase was accounted by CP7 - Compounds (+ RON 2,385,386 /+7%), CP3 - Polyethylene products(+ RON 5,229,748 /+19%) and CP5 - Polystyrene products (+ RON 1,412,511/+ 4%).

Romcarbon main market is the domestic one, with a share in turnover resulting from the sales of finished products of 74% in 2018 (75% in 2017).

The clients portfolio for the main activity (sales of finished products) is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods SC Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2018 had a turnover representing 13% and 8% of total turnover. Also the sales to Livingjumbo Industry SA in 2018 included sales of finished products, rents and income from other activities, which accounted for 4% of turnover.

Currency risk

Currency exposure of SC Romcarbon SA is generated mainly by the loans denominated in euro for financing the production and the investments activities. As at 31.12.2018 the balance of these loans was EUR 10,454,410 (2017: EUR 12,727,688).

In 2018 the profit generated by the fluctuation of foreign currencies rate was RON + 88,767 (- RON 1,502,397 in 2017).

Cash flow in foreign currency in 2018 has the following structure:

Item	EURO	USD	GBP
Proceeds from foreign clients	10,707,117	479,816	0
Proceeds from credits	0	0	0
Other proceeds	25,294	-6,004	0
Payment to the foreign suppliers (raw materials and equipment)	-9,194,453	-	0
Payments of credits, interest, bank fees	-2,525,135	-1,354	-70
Other currency payments	-23,443	0	0
Net cash flow	-1,010,619	293,566	-70

Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as the ratio between current assets and current debts) climbed up from 0.79 in 2017 to 1.20 in 2018.

Cash flow risk

SC Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during the year 2019.

1.1.9 Perspective elements regarding the company's activity

a) *Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year.*

For 2019, the company budgeted the following financial indicators:

- A total turnover of RON 239,228,570 (up with 19% as compared with 2018) out of which the turnover related to the sales of finished products is budgeted at the level of RON 165,627,467 (11% higher as compared with 2018);

- An operating profit of RON 3,990,090.

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

The main inputs of capital assets are set out in paragraph 1.1.d.

c) *Presentation and analysis of events, transactions economic changes that significantly affect revenues from the base activity.* There were no major events influencing the operating.

2. THE TANGIBLE ASSETS OF THE COMPANY

2.1. S.C. Romcarbon S.A. Buzau has the following tangible assets:

- land and industrial and civil construction located in the municipality of Buzau, Transilvania Street no. 132, with a total area of 151,453 square meters of which built area of 62,493.83 square meters;
- land and industrial and civil construction located in Transilvania Street no. 132 - the sport facility - a total area of 22,830 square meters of which 1,053 square meters built area.
- land and commercial space located in Buzau city, Unirii Street, total area of 287 square meters of which 287 square meters built area;
- land and industrial buildings located in town of Buzau, Zone B, capture water - total area of 115,665 square meters, of which built area of 305 square meters;
- land located in town of Buzau, Buzau North in total area of 11,525 square meters;
- land and industrial buildings located in Iasi, str. Calea Chisinau, no. 29 total area of 52,647.68 square meters, built area of 11,935.85 square meters;
- land in built-up area Stefanestii de Jos - total area of 12,774 square meters, of which built area of 1,019.30 square meters;

Main production facilities :

I.) BUZAU

I.1.) The main building used for production activity, services and warehousing:

- Filter housings stamps hall with an area of 2,497 square meters, built of prefabricated foundation type glass columns, beams precast concrete, masonry brick on concrete foundation;
- Band filters hall - 1,793 sqm building area of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof;
- Protective materials hall - area 1,405 sqm prefabricated foundation pillars of glass type, prefabricated reinforced concrete beams, brick masonry and glass reinforced concrete roof;
- Active charcoal Hall 1 - area of 639 sqm built in reinforced concrete foundation, brick walls, concrete roof;
- Active charcoal Hall 2 - area of 1,803 square meters, built of prefabricated foundation pillars of glass type prefabricated reinforced concrete beams, brick masonry on concrete foundation;
- Polyethylene Polypropylene Hall - an area of 11,506 square meters, built of prefabricated foundation pillars glass type with precast concrete beams, brick masonry and reinforced concrete foundation, reinforced concrete slab;
- Production hall + expansion and modernization of EU funds (Compounds Hall) - total area of 4,106 square meters of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof in which the extent of 1,806 sqm - hall with glass type foundation, metal poles and steel structure; Tristram wall panels 6 cm, aluminum joinery and double glazing and roof panels Tristram 8 cm floor made of concrete and reinforcing mesh with a mesh of 100 * 100 * 8 mm quartz elicoptrizat and treatment resistance to wear and dust ; access to the plant is made by six industrial doors with electric drives; electrical facilities have been fully restored;
- Production hall – total area 873 sqm, built on the foundation of reinforced concrete, structure of concrete pillars, aluminium frames, thermopane windows;

- Polystyrene hall and Warehouse - an area of 4,367 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick walls, glass panels and three-layer, reinforced concrete floor and roof panels Tristram;
- PSE mill hall and warehouse area of 577 sqm built on reinforced concrete foundation, brick walls, concrete roof;
- Wiring Hall 1 -Surface 415 sqm built on reinforced concrete foundation, brick walls, concrete floor;
- Laboratory - area 642 sqm, built on concrete foundation, brick masonry, roof;
- Compressor hall with an area of 396 sqm, built on the foundation of reinforced concrete, brick walls, concrete slab, of which 276.5 sq rent;
- Deposit filters - area of 1,144 square meters, built on the foundation of reinforced concrete, reinforced concrete walls, prefabricated roof;
- Administrative building - area 361 sqm, built on the foundation of reinforced concrete, brick masonry, reinforced concrete roof slab;
- Hall with an area of 1,653 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation of reinforced concrete roof;

I.2.) Rented buildings :

- Hall area of 717 sqm built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
- Hall - an area of 3,035 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof;
- Hall - an area of 2,718 sqm, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof; .
- Wiring Hall 2 - area of 479 sqm built on reinforced concrete foundation, brick walls, floor of corrugated sheets;
- Hall with an area of 655 sqm, brick walls, concrete roof;
- Hall with an area of 1,034 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Hall with an area of 1,693 sqm, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Warehouse with an area of 456 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels;
- Warehouse with an area of 743 sqm, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels.



II.) WORKING POINT IASI

ASSET 2

- compressor and mechanical hall - 236 square meters surface construction on reinforced concrete foundation, structure of concrete pillars, concrete floor;
- recycled water pump station - 444 square meters surface construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;

ASSET 5

- fire fighting station building - 607 square meters surface construction on reinforced concrete foundation, structure of concrete pillars, brick masonry;
ASSET 6
- Telephone exchanges building - area of 472 square meters construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
ASSET 8
- administrative building - construction area of 1,906 square meters on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
ASSET 10
- color preparation building - area of 196 square meters of reinforced concrete foundation construction on the structure of concrete pillars, brick masonry, concrete floor;
ASSET 17
- warehouse building - construction area of 3,216 square meters on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;
ASSET 18.
- Fiber house 1 body A - area of 675 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;
ASSET 19
- Fiber house 1 body B - area of 1,076 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;
ASSET 20
- SRA hall - area of 280.89 square meters construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;
- Buildings C1-(cafeteria)-area of 1,312 square meters – construction on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor -acoperis tip terasa necirculabila ;

At the work point in Iasi, SC Romcarbon SA does not conduct production activity, but some of these buildings and constructions have been rearranged for renting.

III.) WORKING POINT STEFANESTII DE JOS

- storage hall - 263 sqm area, foundation type glass - metal poles, walls and roof panels three pane;
- type shed hall - 753 sqm area, foundation type glass - pillars and steel structure, roof sheets;

2.2 Some of the company's buildings have a significant age and a wear rate of 15% up to 50%.

These buildings are in the Active Carbon section, and few of them in Filters section, Materials for protection section, PE and PP sections.

2.3 S.C. Romcarbon S.A. Buzau holds property documents over all the tangible assets.

3. SECURITIES MARKET

3.1 The Company' shares are traded on the Bucharest Stock Exchange SA, Section Equities, Standard category.

In order to ensure transparency in the capital market and a permanent information both for shareholders and potential investors in the Extraordinary General Meeting of Shareholders dated 20.11.2007, the shareholders decided admission to trading of the company on BSE, Equities Section, Category II. At the hearing dated 11.03.2008, National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market administered by SC Bucharest Stock Exchange S. A. of the shares issued by SC ROMCARBON S.A.

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

3.2 The total amount of dividends due in the last 3 financial years:

2016 - RON 2,007,327.93

2017 - RON 2,007,327.93

2018 - according to the General Stockholders Assebly decision dated 24/25.04.2019

3.3 The Company has not undertaken activities to acquire own shares.

3.4 If company has branches, specifying the number and nominal value of shares issued by the parent company owned subsidiaries.

Not applicable.

3.5 S.C. Romcarbon SA did not issue bonds or other debt securities in 2018.

4. THE MANAGEMENT OF THE COMPANY

4.1.DIRECTORS

a) The Board of Directors, following the OGMS Decision of 21.01.2016:

Huang Liang Neng – Chairman of the Board starting on 26.04.2018, for a mandate which expire on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 26.04.2018, 49 years old;

Simionescu Dan – Deputy chairman of the Board, starting on 21.01.2016, for a mandate of 4 years, expiring on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 21.01.2016, 68 years old;

Wang Yi Hao –Membru C.A. incepand cu data de 21.01.2016, starting on 21.01.2016, for a mandate of 4 years, expiring on 04.02.2020, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 21.01.2016, 34 years old ;

b) Not applicable.

c) Participation of administrators to share capital of SC Romcarbon SA, at the reference date 31.12.2018:

Wang Yi Hao - 0 shares

Simionescu Dan -493,328 shares

d) Company' s affiliates as per 31.12.2018:

d.1. Legal entities in which SC Romcarbon S.A. owned, on 31.12.2018, directly, at least 25% holdings :

Company	Total number of shares	Nominal Value (lei)	Social capital (lei)	No. of shares held	Investment value	Interest quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	26,000	20,261,120	100.0000%
ROMCARBON DEUTSCHLAND GmbH			110,138		110,138	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	198	1,980	99.0000%
LIVINGJUMBO INDUSTRY SA	200	4,032	806,400	198	1,639,232	99.0000%
GRINFILD LLC UCRAINA					2,687,755	62.6200%
YENKI SRL	32,800	10	328,000	10,934	100,000	33.3354%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				1,200	400	33.3333%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	36,670	586,625	25.3596%

d.2. Legal entities who have in SC ROMCARBON S.A. a direct holdings of at least 25% - SC LIVING PLASTIC INDUSTRY S.R.L.- 32.8540%.

4.2. Executive members

a.1) Limited period (mandate):

Andrei Radu- Chief Executive Officer (01.09.2017- 31.08.2021)

Manaila Carmen – Chief Operations Officer (01.10.2017- 31.08.2021)

a.2) Unlimited period:

Cretu Victor- PP Operations Manager starting with 01.10.2017

Pindaru Marina Alina - PE Operations Manager starting with 01.10.2017

Voicheci Neli - Compounds Operations Manager starting with 01.10.2017

Ungureanu Ion - EPS Operations Manager starting 01.10.2017

Titi Mihai - Deputy Technical General Manager since 01.06.2010

Genes Alina - Development Director until 30.06.2018

Zainescu Viorica Ioana - CFO starting on 15.01.2010
 Damian Nicoleta - Human Resources Director until 31.08.2018
 Duracu Gheorghe - Quality Manager starting on 05.01.2004

b) Not applicable.

c) Not applicable.

4.3. There were not any litigations or administrative proceedings to be involved the management members (administrators) or senior executives or persons listed in pct.4.1 and 4.2.

5. FINANCIAL STATEMENTS OF THE COMPANY

There are attached:

- Separate financial statements for the year ended on 31.12.2018 prepared in accordance with Accounting Act no. 82/1991, republished, Order no. 1286/2012 as subsequently amended, O.M.F.P. no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided for in art. 6 para. (2) of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The company will issue for the year 2014 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") (Including: Independent-auditor Report of Deloitte Audit SRL -, Income and expenses statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement, Notes to financial statements, the Administrators Financial Report attached to the financial situations;
- The decision of the Ordinary General Meeting of Shareholders dated 24/25.04.2019, which approved the 2018 financial statements;
- Declaration of the management company of the conformity of the accounting statements.

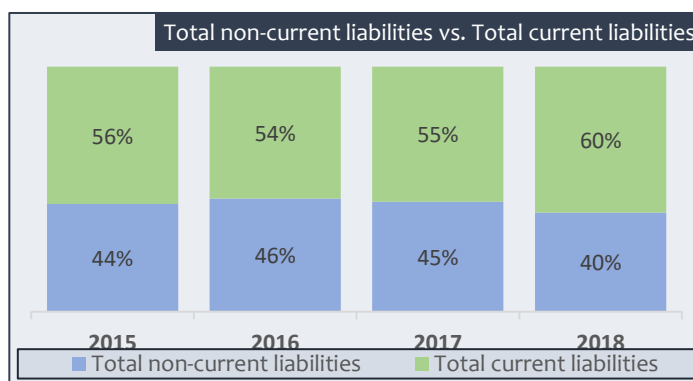
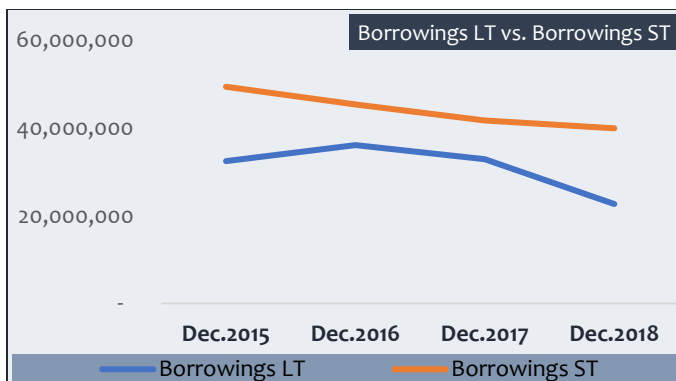


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5.1 STATEMENT OF THE FINANCIAL POSITION

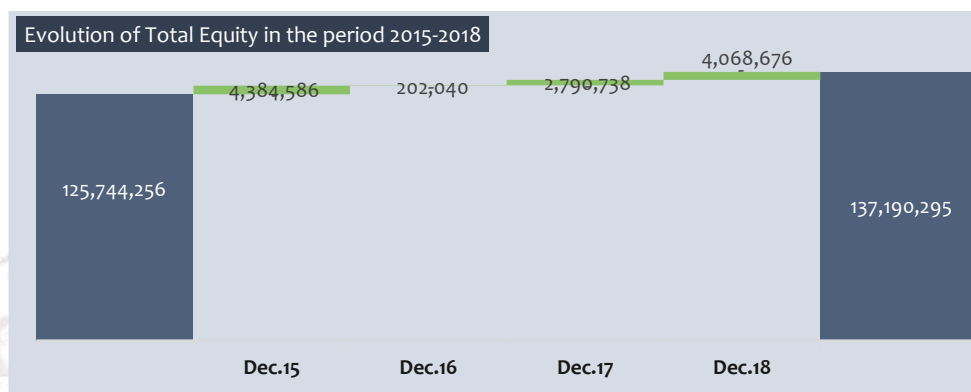
Indicator	31.12.2016	31.12.2017	31.12.2018	31.12.2018 vs. 31.12.2017	
Property, plant and equipment	147,005,912	137,757,935	130,049,723	-7,708,212	▼ -5.60%
Investment property	45,680,013	49,859,449	18,033,515	-31,825,934	▼ -63.83%
Intangible assets	246,401	160,081	78,269	-81,813	▼ -51.11%
Financial assets	22,844,368	22,247,181	22,247,181	0	— 0.00%
Total non-current assets	215,776,694	210,024,646	170,408,687	-39,615,959	▼ -18.86%
Non-current assets held for sale	0	0	16,000,390	16,000,390	▲
Inventories	25,668,489	23,824,916	20,695,919	-3,128,997	▼ -13.13%
Trade and other receivables	26,553,753	32,493,266	35,722,416	3,229,150	▲ 9.94%
Amounts to receive from affiliates (financial)	0	0	6,174,452	6,174,452	▲
Taxes receivables	447,239	0	0	0	—
Other assets	294,011	820,245	1,007,913	187,668	▲ 22.88%
Cash and bank balances	5,615,329	2,529,017	3,331,011	801,993	▲ 31.71%
Total current assets	58,578,820	59,667,445	82,932,101	23,264,656	▲ 38.99%
Total assets	274,355,514	269,692,090	253,340,788	-16,351,302	▼ -6.06%
Issued capital	26,412,210	26,412,210	26,412,210	0	— 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	54,506,299	53,222,860	58,492,792	5,269,931	▲ 9.90%
Retained earnings	47,230,089	51,304,266	50,103,010	-1,201,255	▼ -2.34%
Total equity	130,330,881	133,121,619	137,190,295	4,068,676	▲ 3.06%
Borrowings [Long-term]	36,104,275	32,911,592	22,666,822	-10,244,770	▼ -31.13%
Long term finance leases and other interest bearing obligations	84,588	0	0	0	—
Deferred tax liabilities	10,468,240	10,758,395	8,902,075	-1,856,320	▼ -17.25%
Deferred income	0	0	0	0	—
Total non-current liabilities	19,939,642	17,676,474	15,413,305	-2,263,169	▼ -12.80%
Trade and other payables	66,596,745	61,346,461	46,982,202	-14,364,259	▼ -23.41%
Borrowings [Short – term]	26,896,495	28,571,443	24,537,065	-4,034,378	▼ -14.12%
Short term finance leases and other interest bearing obligations	45,337,135	41,726,661	39,935,674	-1,790,987	▼ -4.29%
Deferred revenue	1,107,270	86,797	0	-86,797	▼ -100.00%
Other liabilities	2,293,920	2,305,250	2,265,476	-39,773	▼ -1.73%
Total current liabilities	1,793,067	2,533,859	2,430,076	-103,782	▼ -4.10%
Total liabilities	77,427,887	75,224,010	69,168,292	-6,055,718	▼ -8.05%
Total equity and liabilities	144,024,633	136,570,470	116,150,493	-20,419,977	▼ -14.95%
Property, plant and equipment	274,355,514	269,692,090	253,340,788	-16,351,302	▼ -6.06%

ASSETS



NON-CURRENT ASSETS

In 2018 **Non-currents assets** hold 67.26% of the company's assets, recording a decrease of RON 39,615,959, i.e. 18.86%, as compared with the beginning of the year.

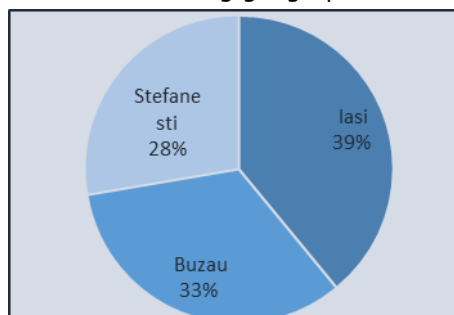


Non-current assets	31.12.2018	% in total NCA	% in total Asset	31.12.18 vs. 31.12.17
Property, plant and equipment	130,049,722	76.32%	51.33%	-5.60%
Investment property	18,033,515	10.58%	7.12%	-63.83%
Intangible assets	78,269	0.05%	0.03%	-51.11%
Financial assets	22,247,181	13.06%	8.78%	0.00%
Total non-current assets	170,408,687	100.00%	67.26%	-18.86%

The main entries of the Property, plant and equipment are presented at the point **1.1.d)** of this report.

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

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



On 23.04.2018 the company signed with Office&Logistic SRL, two buying selling precontracts as follows :

- Buying selling precontract having as the object the promiss to sell the assets property consisting of land in total area of 39,269.50 sq m located in Iasi, no.29 Chisinaului Way, Iasi County for the total price of EUR 3,900,000, without VAT, selling which **had be done in two stages**, having as property transfer dates 10.05.2018 and 30.07.2018 ;
- Buying selling precontract having as the object the promiss to sell the assets property consisting of land in total area of 35,192.48 sq m located in Iasi, no.29 Chisinaului Way, Iasi County for the total price of EUR 3,430,689,

without VAT, selling which is **to be done in three stages**, having as property transfer dates 30.07.2019, 29.11.2019 and 30.03.2020.

Of this sales, after completing the first two stages, on 10.05.2018 and on 30.07.2018, resulted a profit of RON 2,709,753 recognized in the Statement of comprehensive income at the position « Other gains and losses ».

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

As per December 31, 2018 the Company re-valuated the Property investments held at the end of the financial year resulting an increase of the net value with RON 307,659, amount recognised in the Profit and Loss of the year.

Financial Investments hold 8.78% of Total Assets, and 13.06% of Non-current assets.

As at 31.12.2018, S.C. ROMCARBON S.A. hold shares in other companies totalizing RON 25,611,325 lei, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.00%
LIVINGJUMBO INDUSTRY SA	200	4,032	806,400	798,336	198	1,639,232	99.00%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.33%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
TOTAL						25,611,325	

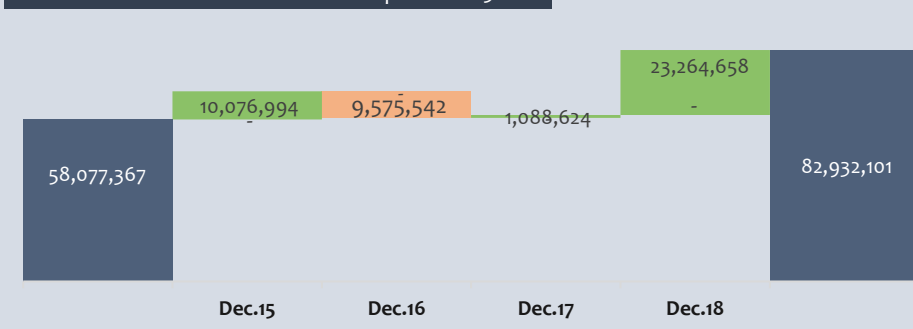
The impairment of financial investments are presented in the following table:

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

CURRENT ASSETS

Current assets hold 32.74% of total assets recording an increase of RON 23,264,656, i.e. 38.99 % as compared with the beginning of the year.

Evolution of Total current assets in the period 2015-2018



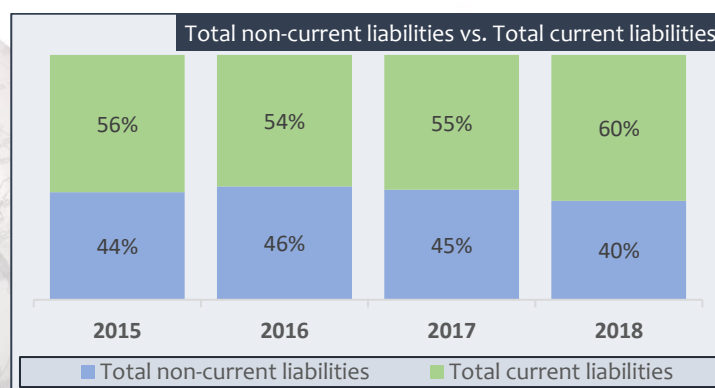
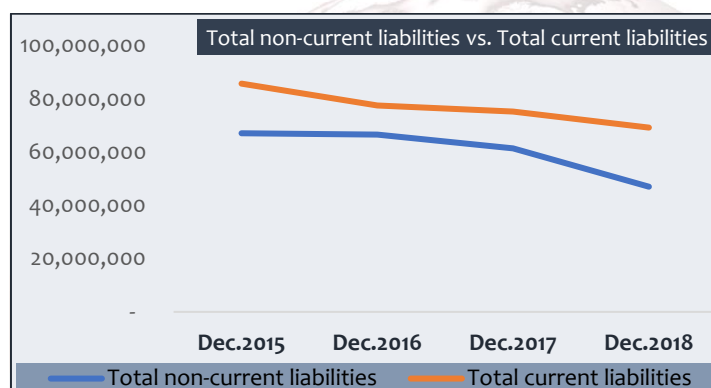
Current assets	31.12.2018	% in total CA	% in Total Assets	31.12.18 vs. 31.12.17
Non-current assets held for sale	16,000,390	19.29%	6.32%	0.00%
Inventories	20,695,919	24.96%	8.17%	-13.13%
Trade and other receivables	35,722,416	43.07%	14.10%	9.94%
Amounts to receive from affiliates (financial)	6,174,452	7.45%	2.44%	0.00%
Taxes receivables	0	0.00%	0.00%	0.00%
Other assets	1,007,913	1.22%	0.40%	22.88%
Cash and bank balances	3,331,011	4.02%	1.31%	31.71%
Total current assets	82,932,101	100.00%	32.74%	38.99%

The loans granted to the Affiliates are presented in the following table:

Affiliate	Contract value	Balance as at 31.12.2018	Interest	Total	
LivingJumbo Industry SA	€ 1,000,000	€ 1,000,000	4,663,900 lei	75,134 lei	4,739,034 lei
RC Energo Install SRL*	€ 500,000	€ 305,000	1,422,490 lei	12,929 lei	1,435,418 lei
Total	€ 1,500,000	€ 1,305,000	6,086,390 lei	88,062 lei	6,174,452 lei

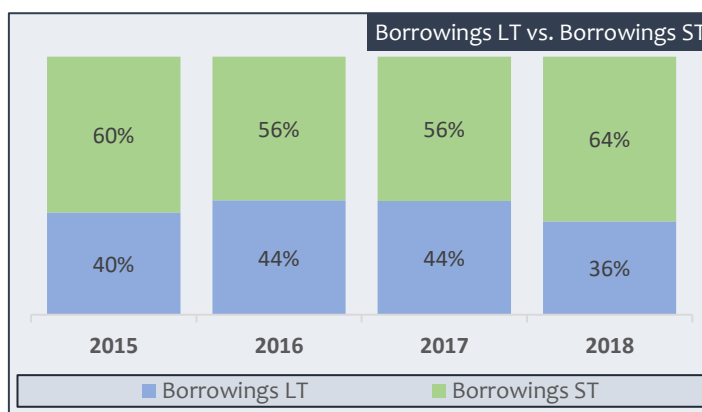
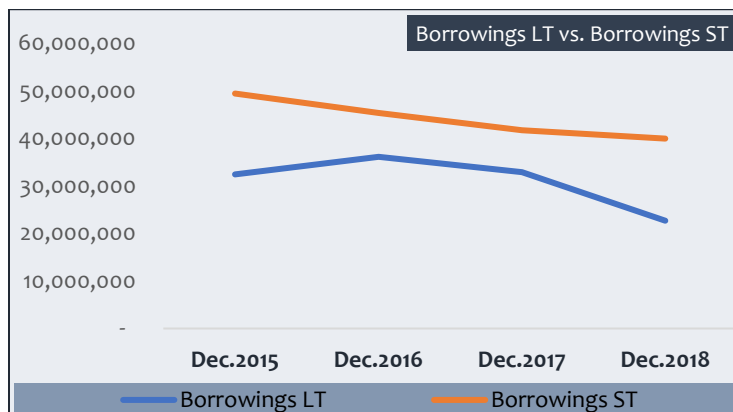
Note: In January 2019, RC Energo Install SRL fully reimbursed the loan and the interest accumulated.

LIABILITIES



Total Liabilities hold 45.85% of the company's Equity&Liabilities recording a decrease of RON 20,419,977, i.e. 14.95% as compared with the beginning of the year.

BORROWINGS



As at 31.12.2018 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	Initial amount	Balance as at 31.12.2018		Maturity
			in euro	in lei	
UniCredit Bank	Credit line/overdraft	€ 5,450,000	€ 4,384,182	20,447,388 lei	10/04/2019
BRD GSG	Credit line/overdraft	€ 2,550,000	€ 2,496,590	11,643,846 lei	30/10/2019
UniCredit Bank	Investment loan III	€ 442,500	€ 310,774	1,449,418 lei	19/09/2021
BRD GSG	Investment loan II	€ 1,000,000	€ 478,991	2,233,967 lei	03/09/2022
BRD GSG	Investment loan III*	€ 3,153,160	€ 486,453	2,268,767 lei	03/02/2022
UniCredit Bank	Investment loan - CCE 2015	€ 3,042,240	€ 2,297,420	10,714,936 lei	04/12/2023
Total loans in euro		€ 15,637,900	€ 10,454,410	48,758,323 lei	
Eximbank SA	Investment loan I	6,142,500 lei		3,583,125 lei	20/06/2022
Eximbank SA	Investment loan II	2,432,500 lei		2,122,292 lei	16/12/2022
UniCredit Bank	Investment loan I	3,200,000 lei		2,289,737 lei	11/07/2023
UniCredit Bank	Investment loan II	2,500,000 lei		842,224 lei	19/09/2021
UniCredit Bank	Investment loan IV	5,400,000 lei		3,233,636 lei	01/12/2021
UniCredit Bank	Investment loan V	2,250,000 lei		1,773,159 lei	06/04/2022
Total loans in lei		21,925,000 lei		13,844,172 lei	
Total bank exposure				62,602,494 lei	

Short term loans have the following structure :

Bank	Type	CCY	Initial amount	Balance as at 31.12.2018	
				in euro	in lei
UniCredit Bank SA	Credit line/overdraft	euro	€ 5,450,000	€ 4,384,182	20,447,388 lei
BRD GSG	Credit line/overdraft	euro	€ 2,550,000	€ 2,496,590	11,643,746 lei
Total short-term loans				€ 6,880,772	32,091,234 lei

Long term loans have the following structure :

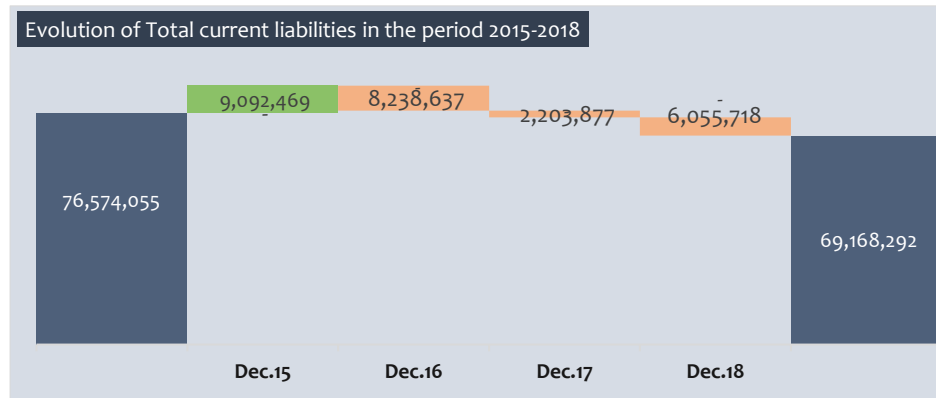
Bank	Type	Balance as at 31.12.2018		< 1 year	> 1 year
		in euro	in lei		
UniCredit Bank	Investment loan III	€ 310,774	1,449,418 lei	527,061 lei	922,357 lei
BRD GSG	Investment loan II	€ 478,991	2,233,967 lei	582,774 lei	1,651,193 lei
BRD GSG	Investment loan III	€ 486,453	2,268,767 lei	735,816 lei	1,532,951 lei
UniCredit Bank	Investment loan - CCE 2015	€ 2,297,420	10,714,936 lei	2,028,797 lei	8,686,140 lei
Total loans in euro		€ 3,573,638	16,667,089 lei	3,874,448 lei	12,792,640 lei
Eximbank SA	Investment loan I		3,583,125 lei	1,023,750 lei	2,559,375 lei
Eximbank SA	Investment loan II		2,122,292 lei	530,573 lei	1,591,719 lei
UniCredit Bank	Investment loan I		2,289,737 lei	499,579 lei	1,790,158 lei
UniCredit Bank	Investment loan II		842,224 lei	306,263 lei	535,961 lei
UniCredit Bank	Investment loan IV		3,233,636 lei	1,077,878 lei	2,155,758 lei
UniCredit Bank	Investment loan V		1,773,159 lei	531,947 lei	1,241,211 lei
Total loans in lei			13,844,172 lei	3,969,991 lei	9,874,181 lei
Total long-term loans			30,511,261 lei	7,844,439 lei	22,666,821 lei

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

Nota : * In August 2018 it was early reimbursed the amount of EUR 1,000,000 euro in the Investment loan III contracted with BRD GSG SA

CURRENT LIABILITIES

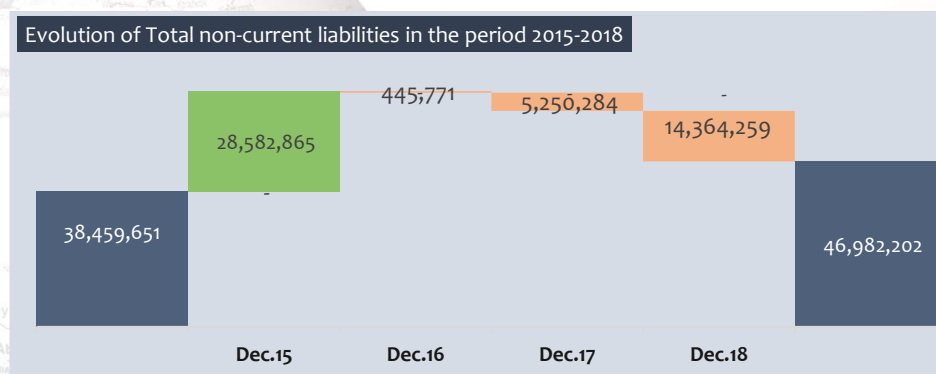
Current liabilities of the Company, representing 59.55 of the Total Liabilities and 27.30% of Total Equity & Liabilities have decreased by RON 6,055,718 as compared with the beginning of the year, i.e. 8.05%.



Current liabilities	31.12.2018	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	31.12.2018 vs. 31.12.17
Trade and other payables	24,537,065	21.13%	35.47%	9.69%	-14.12%
Borrowings [Short – term]	39,935,674	34.38%	57.74%	15.76%	-4.29%
Deferred revenue	2,265,476	1.95%	3.28%	0.89%	-1.73%
Other liabilities	2,430,076	2.09%	3.51%	0.96%	-4.10%
Total current liabilities	69,168,292	59.55%	100.00%	27.30%	-8.05%

NON-CURRENT LIABILITIES

Non-current Liabilities representing 18.55% of the company's Equity&Liabilities recording in the reporting period a decrease of RON 14,364,259, i.e. 23.41%, as compared with the beginning of the year.

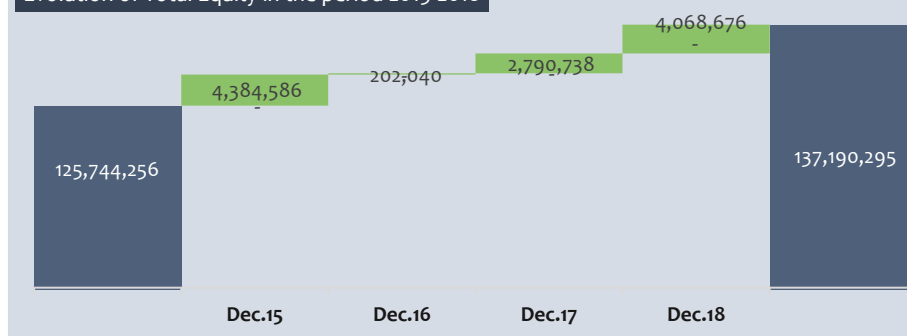


Non-current liabilities	31.12.2018	% in total liabilities	% in Total NCL	% in Total Equity and liabilities	31.12.2018 vs. 31.12.17
Borrowings [Long-term]	22,666,822	19.52%	48.25%	8.95%	-31.13%
Long term finance leases and other interest bearing obligations	0	0.00%	0.00%	0.00%	0.00%
Deferred tax liabilities	8,902,075	7.66%	18.95%	3.51%	-17.25%
Deferred income	15,413,305	13.27%	32.81%	6.08%	-12.80%
Total non-current liabilities	46,982,202	40.45%	100.00%	18.55%	-23.41%

EQUITY

Total Equity holds **54.15%** of Total Equity&Liabilities, recording in the reporting period an increase of RON 4,068,676 , as compared with the beginning of the year.

Evolution of Total Equity in the period 2015-2018



Equity	31.12.2018	% in Total Equity and liabilities
Issued capital (264,122,096 shares at 0.10 lei per share)	26,412,210	10.43%
Share premium	2,182,283	0.86%
Reserves	58,492,792	23.09%
Retained earnings	50,103,010	19.78%
Total	137,190,295	54.15%

As at 31.12.2018 Romcarbon SA's shareholders structure, according to Depozitarul Central SA:

Shareholder	No. of shares	%
LIVING PLASTIC INDUSTRY S.R.L.	86,774,508	32.85%
JOYFUL RIVER LIMITED	54,195,089	20.52%
NEW CARPATHIAN FUND	2,350,000	0.89%
OTHER LEGAL ENTITIES	16,310,342	6.18%
INDIVIDUALS	104,492,157	39.56%
Total	264,122,096	100.00%

5.2 STATEMENT OF THE COMPREHENSIVE RESULT

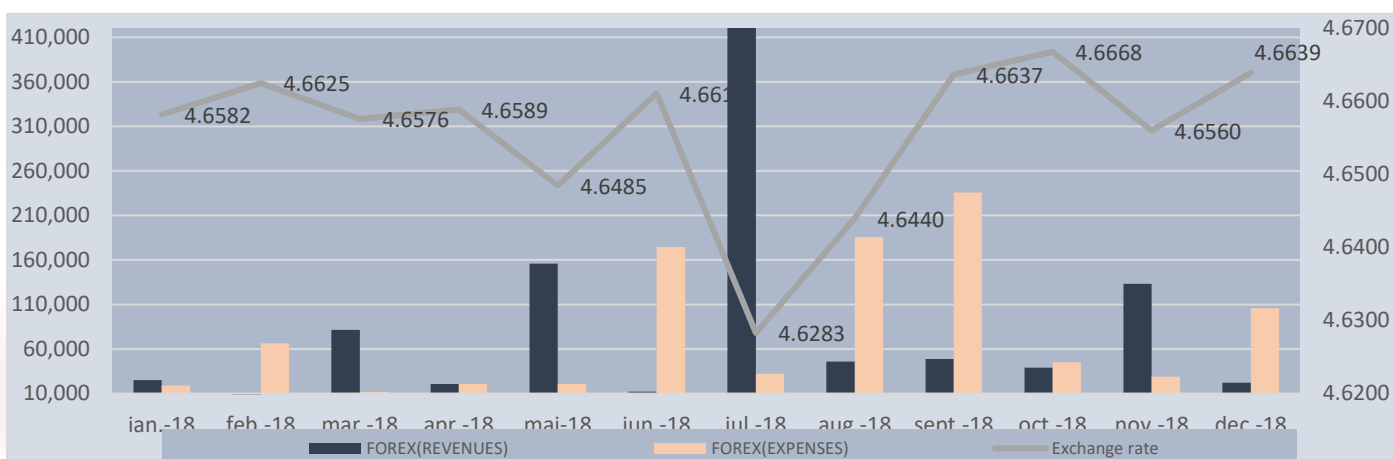
Income statement	12 M 2016	12 M 2017	12 M 2018	2018 vs. 2017
Revenue	178,719,385	195,140,695	198,460,719	▲ 3,320,024 2%
Investment income	6,866,672	3,987,533	3,464,433	▼ (523,100) -13%
Other gains and losses	1,725,659	2,796,780	3,388,764	▲ 591,984 21%
Changes in inventories of finished goods and work in progress	3,404,371	2,304,367	372,436	▼ (1,931,931) -84%
Raw materials and consumables used	(131,058,698)	(139,437,993)	(136,656,677)	▼ 2,781,315 -2%
Depreciation and amortisation expenses	(9,578,963)	(10,706,926)	(11,553,840)	▲ (846,914) 8%
Impairment losses on financial assets	(2,687,755)	-	-	- n/a
Employee benefits expenses and social charges	(23,463,899)	(28,174,199)	(35,940,642)	▲ (7,766,443) 28%
Tax contributions related to employee benefits	(5,473,802)	(6,608,431)	(1,139,629)	▼ 5,468,802 -83%
Finance costs	(2,059,292)	(1,728,613)	(1,945,033)	▲ (216,420) 13%
Other income	2,203,176	2,264,436	2,263,169	▼ (1,267) 0%
Other expenses	(14,367,897)	(14,099,311)	(16,247,641)	▲ (2,148,330) 15%
Profit (loss) before tax	4,228,957	5,738,338	4,466,059	▼ (1,272,278) -22%
Income tax expense	674,517	(940,272)	334,297	▼ 1,274,569 n/a
Profit (loss) of the year	4,903,474	4,798,066	4,800,356	▲ 2,291 0%
Deferred tax adjustment for non-deductible tax revaluation reserves	0	0	1,275,648	▲ 1,275,648
Total comprehensive income	4,903,474	4,798,066	6,076,004	▲ 1,277,939 27%

Indicator	31.12.2016	31.12.2017	31.12.2018
Average no. of employees	885	941	924

*Investment income – details:

Indicator	12 M 2016	12 M 2017	12 M 2018	2018 vs. 2017
Rental and royalty income	2,476,548	2,825,883	2,255,686	▼ (570,197) -20%
Interest income	11,981	3,653	91,387	▲ 87,734 2402%
Investment income (dividends) - Recyclat LTD	3,207,527	0		
Investment income (dividends) - LivingJumbo Industry	495,000	0		— -
Investment income (dividends) - Infotech Solutions	275,614	157,997	117,360	▼ (40,637) -26%
Investment income (dividends) - RC Energo Install	400,000	1,000,000	1,000,000	— -
Total	6,866,671	3,987,533	3,464,433	▼ (523,100) -13%

Note: In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation for the 12 months of 2018 the company registered revenues in amount of RON 1,035,514 and expenses in amount of RON 946,747, resulting a loss of RON 88,767.



5.3 NET SALES

The item "Net Sales" had the following evolution:

Indicator	12 M 2016	12 M 2017	12 M 2018	2018 vs. 2017
- Sales of finished goods, Total, out of which:	122,191,290	140,128,883	148,386,635	▲ 8,257,752 6%
CP1~ Auto and industrial filters	4,130,687	3,830,438	2,623,159	▼ (1,207,279) -32%
CP2~ Respiratory protective equipment and Active Carbon	2,915,747	2,514,286	1,994,419	▼ (519,866) -21%
CP3~ Polyethylene products	25,059,617	27,326,932	32,556,680	▲ 5,229,748 19%
CP4~ PVC products	434,054	582,367	784,529	▲ 202,162 35%
CP5~ Polystyrene products	34,260,687	36,420,305	37,832,816	▲ 1,412,511 4%
CP6~ Polypropylene products	37,144,517	37,408,712	38,163,803	▲ 755,091 2%
CP7~Compounds	18,245,980	32,045,842	34,431,228	▲ 2,385,386 7%
- Sales of intermediary goods	90,147	48,146	10,205	▼ (37,941) -79%
- Services rendered	310,378	293,439	226,336	▼ (67,103) -23%
- Sales of commodities	53,189,162	51,024,724	45,297,333	▼ (5,727,391) -11%
- Other sales	2,938,408	3,645,505	4,540,210	▲ 894,705 25%
Total Net sales	178,719,385	195,140,695	198,460,719	▲ 3,320,023 2%

Indicator	12 M 2016	12 M 2017	12 M 2018	2018 vs. 2017	
Net sales	178,719,385	195,140,696	198,460,719	▲	3,320,023 2%
Rental and royalty income	2,476,548	2,825,883	2,255,686	▼	(570,197) -20%
Turnover, out of which:	181,195,934	197,966,579	200,716,405	▲	2,749,825 1%
~domestic market	141,639,790	147,942,412	147,822,224	▼	(120,188) 0%
~exports	39,556,144	50,024,168	52,894,181	▲	2,870,013 6%

5.4 FINANCIAL RATIOS

In the reporting period the main financial ratios had the following evolution:

Indicator	Formula	31.12.2016	31.12.2017	31.12.2018
EBIT	See EBIT-EBITDA	5,977,645	7,325,990	6,168,893
EBITDA	See EBIT-EBITDA	13,353,431	15,768,480	14,702,843
Sales	Revenue + Rental and royalty income	181,195,934	197,966,578	200,716,405
EBITDA to sales ratio	EBITDA/Sales	7.37%	7.97%	7.33%
EBITDA to Equity ratio	EBITDA/Equity	10.25%	11.85%	10.72%
Gross profit margin	Gross profit/Sales	2.33%	2.90%	2.23%
Current ratio	Current assets/Current liabilities	0.76	0.79	1.20
Quick ratio	(Current assets- Inventories)/Current liabilities	0.43	0.48	0.90
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	0.51	0.46	0.34
Total liabilities to Assets ratio	Total liabilities/Total Assets	0.52	0.51	0.46
Long term loans to Equity ratio	Long term loans/Equity	28%	25%	17%
Long term loans to engaged capital ratio	Long term loans/(Equity+long term loans)	22%	20%	14%
Interest coverage ratio	EBIT/Interest expenses	3.42	4.61	3.62
Account receivable turnover ratio	Average receivables/Sales	60	54	61
Account payable turnover ratio	Average payables/Sales	57	50	48
Non-current assets rotation	Non-current liabilities/Sales	0.84	0.94	1.18
Return on assets (ROA)	Net profit/Assets	1.79%	1.78%	1.89%
Return on equity (ROE)	Net profit/Equity	3.76%	3.60%	3.50%
Return on sales (ROS)	Net profit/Sales	2.71%	2.42%	2.39%

5.5 STATEMENT OF THE CASH-FLOW

Items	2016	2017	2018
Net profit / (loss) after taxation	4,903,474	4,798,066	4,800,356
Income tax expense	(674,517)	940,272	(1,609,945)
Depreciation	9,578,963	10,706,926	10,696,167
(Gain) / Loss on fixed assets disposal	(59,440)	424,790	(11,254)
(Gain) / Loss arising on changes in fair value of investment property	(759,449)	(1,490,374)	(307,659)
(Gain) / Loss arising on changes in fair value of Assets Held for Sale	-	-	756,722
(Gain) / Loss arising disposal of investment property	-	(2,385,785)	(2,709,699)
Income from Construction of own Assets			(635,401)
Customers provisions	337,579	16,976	(36,085)
Write off of receivables	55,334	165,833	206,804
(Gains) / Losses with disposal of financial assets	-	-	-
Expenses / revenues with adjustments of financial assets	2,687,755	-	-
Interest expense	1,748,687	1,587,652	1,702,834
Interest income	(11,981)	(3,653)	(91,477)
Dividend income	(4,378,142)	(1,157,997)	(1,117,270)
Income from subsidies	(2,203,176)	(2,264,436)	(2,263,169)
Unrealised net forex result	(123,851)	1,528,593	(88,767)
Movements in working capital			
(Increase) / Decrease in accounts receivable	7,012,197	(6,122,323)	(3,399,869)
(Increase) / Decrease in inventories	(5,296,462)	1,843,573	3,128,998
(Increase) / Decrease in other assets	(7,641)	447,239	-
Increase / (Decrease) in accounts payable	(6,494,896)	1,674,948	(4,034,378)
(Decrease) / Increase in deferred revenue	(55,404)	12,597	(39,774)
(Decrease)/increase in other liabilities	428,460	477,986	365,174
Cash generated from operations	6,687,490	11,200,885	5,312,308
Income taxes paid	-	(7,163)	(212,766)
Interest paid	(1,748,687)	(1,587,652)	(1,702,834)
Net cash generated by operating activities	4,938,803	9,606,070	3,396,708
Cash flows from investing activities			
Payments to acquire financial assets	-	-	-
Interest received	11,981	3,653	91,477
Dividends received	4,378,142	1,157,997	1,117,270
Payments for property, plant and equipment	(13,091,055)	(8,340,113)	(3,091,315)
Payments for investment property	(1,130,479)	-	-
Proceeds from disposal of investment property	-	3,575,112	18,086,180
Proceeds from disposal of property, plant and equipment	628,304	1,821,663	94,612
Proceeds from disposal of investments	-	597,187	-
Proceeds from loans granted to related parties	-	-	(6,174,452)
Payments for intangible assets	-	(33,918)	(19,139)
Payment of dividends	(2,278,010)	(2,037,153)	(1,961,297)
Net cash (used in)/generated by investing activities	-11,481,116	-3,255,571	8,143,336
Cash flows from financing activities			
Payments of lease liabilities	(1,712,293)	(1,105,061)	(86,797)
Proceeds from bank loans	16,909,738	5,202,494	2,602,061
Repayment of related party borrowings	-	-	-
Repayment of bank loans	(17,052,323)	(13,534,243)	(13,253,314)
Proceeds from subsidies	1,123,683	-	-
Net cash used in financing activities	(731,194)	(9,436,810)	(10,738,050)
Net increase in cash and cash equivalents	-7,273,507	-3,086,312	801,994

Cash and cash equivalents at the beginning of the year	12,888,835	5,615,328	2,529,016
Effects of exchange rate changes on the balance of cash held in foreign currencies	-		
<i>Cash and cash equivalents at the end of the year</i>	5,615,328	2,529,016	3,331,010



6. CORPORATE GOVERNANCE

I. PREAMBLE

The present Corporate Governance Chapter summarizes the main rules, structures, procedures and practices of decision-making within the company, governance standards that ensure the application of the general principles of effective administration and control of the activities carried out by the company according to its object of activity, for the benefit of shareholders and increasing investor confidence. The entire set of corporate governance standards provides the structure on which the company's are set, the means to achieve and monitor performance, and aims to promote fairness, transparency and accountability at the company level.

The Company "ROMCARBON" SA. is a legal Romanian entity that operates as a joint stock company, in accordance with legal provisions in force. It operates in accordance with the Romanian laws and the company's Articles of incorporation

The company was founded in 1952, originally under the name "Intreprinderea de mase plastice". The company is headquartered in Romania, Buzau, Transilvania Street no. 132, is organized as a joint stock company and is subject to Romanian law.

The main activity domain of the company is: 222 - Manufacture of plastic and the main activity, according to the encoding - 2221 Manufacture of plates, sheets, tubes and profiles in plastic.

In 2005, the company implemented a modern ERP system for the company's resource planning (ERP - Enterprise Resource Planning), in order to optimize the decision process.

Investments made by the company targeted expansion of production activities by land acquisition, modernization and acquisition of equipment, expansion and introduction of new products in line with the regulations in force (including alignment with EU norms).

In the meeting on 11.03.2008, the National Securities Commission decided, by Decision no.469/ 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market of BUCHAREST STOCK EXCHANGE of the shares issued by ROMCARBON S.A.

Thus, **starting from 30.05.2008 until 05.01.2015** the shares of ROMCARBON S.A. were traded on the regulated market of the Bucharest Stock Exchange, Equities Sector, Second category of Shares.

Starting with 05.01.2015 the shares of ROMCARBON S.A. are traded on the regulated market of the Bucharest Stock Exchange, Equity Sector, Standard category, according to the new market segmentation introduced by Bucharest Stock Exchange.

Previously to trading on Bucharest Stock Exchange the company was listed on Second category of the Rasdaq market.

The main features of the shares issued by ROMCARBON S.A. they are:

- Number of shares – 264,122,096

a) nominal value – 0.1 lei

b) ISIN code: ROROCEACNOR1

c) symbol: ROCE

Although new a entry on the BVB regulated market, ROMCARBON S.A. has proposed to implement both a profit-oriented policy for shareholders and a commitment to corporate and ethical responsibility, with a significant impact on the environment and implicitly on the community.

In this respect, the management of ROMCARBON S.A. states that voluntarily and self-imposed adopted the Bucharest Stock Exchange Code of Corporate Governance, as adopted by the Board of Bucharest Stock Exchange in December 2007, as amended, with the sole purpose of its implementation in the company, by assuming its corporate governance policies.

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - [www .bvb.ro](http://www.bvb.ro).

Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website www.romcarbon.com.

The regulations which we comply with in the preparation of this chapter of Corporate Governance: Law no.31/1990 on companies, republished in 2004, as amended and supplemented, Law no.297/2004 on the capital market, as amended and supplemented, Law no.24/2017, on issuers of financial instruments and market operations,

regulations issued by CNVM to regulate the capital market (A.S.F Regulation no.5 of 21.06.2018 on Issuers of Financial Instruments and Market Operations, Regulation no.10 / 2016 on the organization and functioning of the Financial Supervisory Authority, etc.) as amended, accounting regulations, regulations on Audit, Law no. 82 /1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2014, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".

II. STRUCTURES AND ASPECTS OF CORPORATE GOVERNANCE

2.1. General Meeting of Shareholders

The **General Meeting of Shareholders** (G.M.S.) comprises all the shareholders and meets in ordinary meetings (**O.G.M.S.**) and in extraordinary meetings (**E.G.M.S.**), each with the competencies established by the legal provisions/the incorporation act of the company.

Convening, organizing and unfolding the works of G.M.S. is carried out strictly in conformity with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions adopted.

2.2. Board of Directors

At present, the management system of the Company is **unitary**.

ROMCARBON S.A. is administered by the Board of Directors composed of 3 members, elected or appointed by the General Shareholders Meeting in accordance with the legal provisions, by secret vote, for a period of 4 years, with the possibility to be re-elected.

The members of the Board of Directors guarantee the efficiency of the capacity to supervise, analyze and evaluate the activity of the directors as well as the fair treatment of the shareholders.

The choice of directors is made between the persons designated by the shareholders.

The election of directors is made between the persons designated by the shareholders.

At the appointment of the Board members, the General Shareholders Meeting pursued a balanced composition of the Board of Directors in accordance with the structure and activity of ROMCARBON S.A. as well as with the personal experience and qualifications of Board of Directors members.

The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, at the convocation of the Chairman, at the motivated request of at least 2 of its members or the request of the General Manager, the Chairman being obliged to pursue such a request. The Board of Directors is chaired by the Chairman, and in his absence by the Deputy Chairman.

The conventions for the meetings of the Board of Directors shall be transmitted, at least 5 days before the date of the meeting, by any means of remote communication (post, e-mail, fax) to confirm receipt in writing of the recipient/the member of the Board of Directors convoked. These conventions will include the date and the location where the Board of Directors will be held as well as the agenda, and no decision can be made on other matters except in the case of urgency and subject to ratification by the absent members in the next meeting. In exceptional cases justified by the urgency of the situation and the interest of the company, decisions of the board of directors may be taken by unanimous vote of the members, including by e-mail, without the need for a meeting of that body.

For the validity of the decisions taken, it is necessary to have at least half of the members of the Board of Directors and the decisions are taken with the simple majority of the present members. In the case of parity of votes, the Chairman of the Board of Directors (who is not at the same time director of the company) will have the decisive vote. If the Chairman of the Board of Directors, in office, can not or is not allowed to vote, the other members of the Board of Directors may elect a chairman of the meeting, having the same rights as the chairman in office. In case of parity of votes and if the chairman does not have a decisive vote, the voted proposal is considered rejected.

The meetings of the Board of Directors take place in the presence of administrators or through correspondence (post, e-mail, etc.) Sessions can be held also by any means of telecommunication such as videoconference or teleconference.

The members of the Board of Directors will vote on the issues included on the agenda at the meeting, as well as by any means of distance communication (post, e-mail, fax) that insure the receipt confirmation of the written vote by the Secretary The Board of Directors, at latest by the end of the meeting for which they were convened.

The decision-making process remains a collective responsibility of Board of Directors, the board members being held jointly liable for all decisions taken in the exercise of their competences.

The debates of the Board of Directors shall be recorded in the minutes of the meeting which shall be entered in a register. The meetings of the Board of Directors can be recorded audio-video. The minutes of the meeting are signed by the meeting chairman and by at least one other administrator.

The Chairman, the members of the Board of Directors, the directors of the company, the executive directors, individually or jointly, are liable with the company, for the damages resulting from the criminal acts or deviations

from the legal provisions, for the deviations from the incorporation act, as well as for the mistakes in the administration and management of the company.

In such situations, they may be revoked by the decision of the General Meeting of Shareholders, respectively of the Board of Directors .

At the date of this annual report, the Board of Directors of S.C. ROMCARBON S.A. is made up of the following directors elected at the Ordinary General Assembly dated 21.01.2016, for a four-year term, which expires on 04.02.2020.

► **Chairman - HUANG, LIANG – NENG**

***Professional experience**

- Economist - KENG FANG LTD., Taiwan - Nov.1993 -Jun. 1997
- Economist - DECATHLON - Taiwan Branch, Taiwan - Jul. 1997- May 2001
- Associate and administrator of Tairom Import-Export SRL Buzau - Sept. 2001 - Apr. 2004
- Administrator of Living Plastic Industry SA Buzau: March 2007-present
- Centered by Greentech SA Buzau - Jan 2005 - March 2005
- Administrator of Greentech SA Buzau: Jan 2009 - 2012;
- Unique Administrator of S.C. GREENFIBER INTERNATIONAL SA: Jun. 2005- March 2007;
- Administrator of S.C. GREENFIBER INTERNATIONAL SA: Mart. 2007- 2012;
- Financial Consultant Livingjumbo Industry SA - 2012-present;

► **Deputy Chairman - SIMIONESCU DAN**

***Professional experience:**

- Director Coopers & Lybrand Romania - 1993-1997
- Director of Marketing, Capital Markets and Foreign Relations - SIF Transilvania - 1997- present
- Member of the Board of Directors of S.C. ROMCARBON S.A. - 2003 – present
- Member of the Board of Directors of S.C. GREENFIBER INTERNATIONAL SA- 01.05.2007 -dec. 2009; 20.09. 2010 - 28.05.2012
- Member of the Board of Directors of SC GREENTECH SA - 06.01.2009 - 28.05.2012
- Member of the Board of Directors of SC GREENWEEE INTERNATIONAL SA - 01.11.2008 - 28.05.2012

► **Member - WANG, YI – HAO**

***Professional experience**

- Director of Department of Commerce International Living Water in Spring International Co., Ltd - 2007-2010
- Director General Living Water in Spring International Co., Ltd. - 2010- present
- Member of the Board of Directors of S.C. GREENFIBER INTERNATIONAL SA- 20.09.2010- 28.05.2012
- Member of the Board of Directors of SC GREENTECH SA: 19.11.2010 - 28.05.2012
- Member of the Board of Directors of SC GREENWEEE INTERNATIONAL SA: 01.09.2010 - 28.05.2012

The competences of the Board of Directors are those stipulated in the Incorporation Act of ROMCARBON S.A. being in strict compliance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the decisions taken.

Administrator nomination and remuneration

Nomination of ROMCARBON S.A. administrators is made by the shareholders, the nominations being subject to the approval of the general meeting of the shareholders. Candidates for the position of member of the board of directors of the company must fulfill, besides the general conditions stipulated by the Law no. 31/1990 also the special ones established by the Law no.24/2017.

In year 2018, the Board of Directors met in 15 sessions, the decisions being taken either with the majority of the votes of those present, or with unanimity and with the fulfillment of the legal provisions regarding the convening and the quorum for the holding of the meetings, respectively the lawful adoption of the decisions. The main decisions taken by the Board of Directors concerned:

- Approval for granting guarantees in favor of UNICREDIT BANK S.A. to guarantee the credit amounting to EUR 1,000,000 contracted by LIVINGJUMBO INDUSTRY SA from UNICREDIT BANK S.A. (Decision no.1 / 19.01.2018).
- Approval for the update of the guarantee structure set up by Romcarbon SA in favor of UNICREDIT BANK S.A. (Decision no.1 / 19.01.2018)

- Approval for the convocation of ordinary and extraordinary general meetings of the shareholders and of the materials presented at the OGMS/EGMS meetings of 26 / 27.04.2018 (Decision no.3 / 21.03.2018)
- Approval of the items on the agenda of the General Meeting of Associates of RC Energo Install SRL regarding the approval of the financial statements of the financial year 2017. (Decision no.3 / 21.03.2018)
- Approval of the items on the agenda of the General Meeting of Associates of INFO TECH SOLUTIONS SRL regarding the approval of the financial statements of the financial year 2017. (Decision no.3 / 21.03.2018)
- Approval for the appointment of Mr. Huang Liang Neng as temporary Administrator and Chairman of the Board of Directors of ROMCARBON SA. (Decision no.5 / 13.04.2018)
- Approval for the conclusion by ROMCARBON S.A (as Seller Promissory) of 2 (two) sale-purchase precontracts with OFFICE & LOGISTIC S.R.L (as Buyer Promissory). (Decision no.6 / 17.04.2018)
- Approval for the conclusion by ROMCARBON SA (as Seller / Constituent) with OFFICE & LOGISTIC SRL (as Buyer / Beneficiary) of a sale and pre-emption right contract and of a contract for granting an easement right to pass. (Decision no.7 / 27.04.2018)
- Approval for the appointment of Mr. Huang, Liang - Neng as Chairman of the Board of Directors of ROMCARBON SA, in accordance with Article 15 of the Company's Articles of Incorporation, for a term equal to the period remaining to be exercised in the term of his predecessor (04.02.2016-04.02. 2020), respectively for the period 27.04.2018 - 04.02.2020 (Decision no.7 / 27.04.2018)
- Approval for Romcarbon S.A. Extraordinary General Meeting of Shareholders convocation on 11.06.2018, at 12.00, at the headquarters of the company in Buzau, Transilvaniei street no.132. (Decision no.7 / 27.04.2018)
- Approval for the extension by 1 year of the duration of the sale contract no.1200 / 22.05.2012 (3326 / 24.05.2012), concluded between ROMCARBON SA and KASAKROM CHEMICALS SRL (Decision no.8 / 29.05.2018)
- Approval for Recyplat Limited financial statements for the financial year ended 31.12.2017. (Decision no.8 / 29.05.2019)
- Approval for the items on the agenda of the General Meeting of Associates of LIVINGJUMBO INDUSTRY S.A., approving the financial statements for the financial year 2017. (Decision No. 8 / 29.05.2019)
- Approval for the items on the agenda of the General Meeting of Shareholders of ECO PACK MANAGEMENT S.A., regarding the approval of the financial statements of the financial year 2017. (Decision no.8 / 29.05.2018).
- Approval for the convocation of the Ordinary General Meeting of the Shareholders of ROMCARBON SA for 01.08.2018, for the approval of dividend distribution in total amount of RON 2,007,327.93, the value of the gross dividend / share being RON 0.0076 / for the total number of shares of 264,122,096 (Decision no.9 / 27.06.2018)
- Approval for the convocation of the Extraordinary General Meeting of the Shareholders of ROMCARBON SA for the date of 01.08.2018, approving the granting by Romcarbon SA, as a lender, of a shareholder loan to Livingjumbo Indutry SA, as a borrower, in the amount of EUR 1,000,000, in order to support the company's activity and repayment of the loan amounting to EUR 1,000,000, contracted by Livingjumbo Industry SA from Unicredit Bank SA (Decision no.9 / 27.06.2018)
- Approval for updatin the guarantee structure set up by ROMCARBON S.A. in favor of UNICREDIT BANK S.A by replacing the guarantee established on property of ROMCARBON S.A. located in Buzau, the Road DN - 2 B, Buzau county with guarantee consisting of immovable mortgages and the interdictions to dispose, mortgage, renting, dismantling, joining, demolition, restructuring, improvement and building on immovable property on other immovable property. (Decision no. 10/10.7.2018)
- Approval for the dividend distribution procedure for the financial year 2017 due to the shareholders of ROMCARBON SA (ROCE), according to the approved by the decision of the General Meeting of the Shareholders of ROMCARBON SA dated 01.08.2018 (Decision no.12 / 03.09.2018)
- Approval, considering the provisions of art. 11, paragraph 3, letter c), of the ROMCARBON SA Incorporation Act, for completing the activity object of ROMCARBON S.A. by adding the activity "Other labor supply services" CAEN code 7830. (Decision no.13 / 08.10.2018)
- Approval, considering those approved by the Extraordinary General Meeting of the Shareholders No. 2 of 26.04.2018, for the replacement within the guarantee structure of ROMCARBON S.A. in favor of UNICREDIT BANK S.A., immovable mortgages and of the interdiction to dispose, mortgage, renting, dismantling, demolition, restructuring, improvement and construction over real estate, LIVINGJUMBO INDUSTRY S.A. property located in Campia Turzii, no.145 Laminoristilor street with immovable mortgages and of the interdiction to dispose, mortgage, renting, dismantling, demolition, restructuring, improvement and construction on real estate, Romcarbon SA property identified with no. cadastral 67264 (Decision no.13 / 08.10.2018)
- Approval for ROMCARBON S.A. to dismantle its property located in Buzau, North Road - DN2 (Decision no.15 / 12.11.2018)

Convening the General Meeting of the Shareholders:

OGMS of 26.04.2018 , by Board of Directors Decision no.3/21.03.2018 regarding:

- Presentation, discussion and approval of the annual report of the Board of Directors for the fiscal year 2017.
- Presentation and approval of the individual financial statements for the financial year 2017 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2017.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - on the consolidated financial statements for the financial year 2017.
- Presentation and approval of the consolidated financial statements, for the financial year 2017 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2017.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - changing situations on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the fiscal year 2017.
- Approval of the distribution of the net profit recorded in the fiscal year 2017 in the amount of RON 4,798,065.69 on the following destinations:
 - a) Legal reserves amounting to RON 239,903;
 - b) Other reserves amounting to RON 1,487,753, representing fiscal facility regarding the profit tax exemption for the profit reinvested in 2017;
 - c) Retained earnings amounting to RON 3,070,409.69.
- Presentation and approval of the Annual Report for 2017, prepared in accordance with CNVM Regulation No.1/2006 on issuers and operations with securities and the Corporate Governance Code of the Bucharest Stock Exchange.
- Approval to discharge the members of the Board of Directors for the work in fiscal year 2017.
- Approval to contract services for the statutory audit of the company for the financial year 2018.
- Approval of the income and expenses budget for the financial year 2018.
- Approval, in consideration of the provisions of Government's Emergency Ordinance no.79/2017, for the modification of Law no.227/2015, the Fiscal Code, that starting with January 1-st, 2018, ROMCARBON SA Members of the Board of Directors, be granted the same net fee in payment at 31.12.2017, to which it will be added all legal tax and fees. The fee difference since January 2018 up to the day will be paid retroactively. The total of the net fee remain the same as before and the taxes paid by the company will be according to the law.
- Approval of 23.05.2018 as "registration date", according to art. 86 of Law 24/2017 regarding issuers and art.2 let.e of the C.N.V.M. Regulation no.6/2009.
- Approval of 22.05.2018 as "ex-date", according to art.2 let.f of the C.N.V.M. Regulation no.6/2009.
- To note the termination of Mr. Hung, Ching-Ling, Member and Chairman of the Board of Directors of ROMCARBON SA, due to the impossibility of being exercised.
- Election of a new member of the Board of Directors of ROMCARBON SA, considering the termination of the term of office of Mr. Hung, Ching-Ling, for a term equal to the remaining period until the expiry of his predecessor's term, ie until 04.02.2020 and granting a monthly net fee equal in value to the monthly net fee received by his/her predecessor.

And

EGMS of 26.04.2018 , by Board of Directors Decision no.3/21.03.2018 regarding:

- Approval for the banking exposure of Romcarbon SA for the financial years 2018-2019, consisting of: credits in amount of EUR 13,712,255 and RON 18,266,498; leasing contracts in amount of EUR 11,545; factoring contracts with a ceiling of EUR 500,000; letters of guarantee in amount of RON 500,000 ; Guarantee given to LivingJumbo Industry SA for the investment credit contracted UniCredit amount of EUR 2,057,200 as detailed in the material no. 2863/16.03.2018.
- 1.1. Approval for:
 - the prolongation by 36 months of the validity of the factoring ceiling of EUR 500,000;
 - the prolongation at maturity, or if necessary, before maturity date, of the letters of guarantee ceiling by 36 month period and supplementing the guarantees as detailed in material no. 2863/16.03.2018;
 - the prolongation by 12 months of the validity of the credit facilities contracted by Romcarbon SA with BRD-GSG SA and UNICREDIT Bank SA, and for maintaining the related guarantee;
 - for the replacement, according to those mentioned in the Board of Directors Decision no.1/19.01.2018, in case of sale, of the mortgage on Romcarbon assets located in Iasi, no.20 Chisinaului Way, with cad.no.148536, consisting of land in total area of 8103 sqm and buildings 148536-C1, 148536-C2, 148536-C3, 148536-C4 with mortgage on other assets company/other guarantor property as detailed in the material no. 2863/16.03.2018.

- Empowerment of the Board of Directors to negotiate and decide, as appropriate, regarding: changing credit conditions (including, as appropriate, the extension of up to 12 months of short-term facilities - credit lines), modification and/or the establishment of new securities, restructuring existing credits/banking exposure, change currency or refinance existing loans and contracting of new loans, within the limits of the approved banking exposure and of the law.
- Empowerment for the General Director And Financial Director , to sign credit agreements, addendums thereto related, mortgage deeds and other guarantees, and any other documents necessary for the carrying out of the EGMS' s decision.
- Approving, confirming, ratifying and assuming in its entirety, the Decision of the Board of Directors of Romcarbon SA no.1 from 19.01.2018, respectively approving, confirmation, ratification and assumption of all legal acts signed by Romcarbon SA and Unicredit Bank SA, as follows:
 - Special Credit Terms (CCS) to Credit Agreement no. BUZA / 003/2018 dated 19.01.2018;
 - Mortgage agreement signed on 19.01.2018, based on the Credit agreement no. BUZA / 003/2018 dated 19.01.2018;
 - Annex no. 1 to the Contract for the mortgage on 18.01.2017, related to the Credit Agreement no. BUZA / 044/2016;
 - Additional Act no. 17 of 19.01.2018 to the Special Credit Terms (CCS) to the Credit Agreement no. Buza / 014/2012 from 29.06.2012;
 - Mortgage agreement signed with Unicredit Bank S.A. on 19.01.2018, based on the Credit Contract no. BUZA / 014/2012 from 29.06.2012;
 - Annex no.2 dated 19.01.2018 to the Contract for the mortgage from 10.04.2017, related to the Credit Contract no. BUZA/014/2012 from 29.06.2012;
 - Annex no. 2 dated 19.01.2018 to the Contract for mortgage from 21.12.2016, related to the Credit Agreement no. BUZA/015/2016 of 21.12.2016;
 - Annex no. 3 dated 19.01.2018 to the Contract for the mortgage on 07.04.2017, related to the Credit Agreement no. BUZA/004/2017 dated 07.04.2017, as well as approving, confirming, ratifying and assuming the signing of all the aforementioned acts, on 19.01.2018, on behalf of Romcarbon SA and for it, by Mr. Radu Andrei as General Manager and Mrs. Zainescu Viorica as Financial Director, according to the powers received by decision of the board.
- Approving, confirming, ratifying and assuming in its entirety, the Decisions of the Board of Directors of Romcarbon SA no.16 from 20.12.2017 and no.2 form 12.03.2018, and the empowerment of Romcarbon SA, General manager, that on behalf of the company and in its name carry out the sale negotiation, to sign all/any necessary documents and to fulfill all formalities for applying the decisions.
- Approval of 23.05.2018 as "registration date", according to art. 86 par.1 of Law 24/2017 and art.2 let.e of the C.N.V.M. Regulation no.6/2009.
- Approval of 22.05.2018 as "ex-date", according to art.2 let.f of the C.N.V.M. Regulation no.6/2009.
- Updating accordingly the Articles of Incorporation of ROMCARBON S.A. following the proposals of new items on the agenda of the Ordinary General Meeting of the Shareholders convoked for 26/27.04.2018, as follows:

Art. 15 par.7 will change and have the following content:

"Upon the date of up-dating this present incorporation act, the Board of Directors consists of:

 1. SIMIONESCU N. DAN, Romanian citizen, born on in,, residing in, str nr. sc., ap. county, identified with series no. issued byby date of, CNP
 2. WANG, YI-HAO, Taiwanese citizen, born on in,, residing in, no., Alley, Lane, Section,, identified with passport series no., issued by on
 3. citizen born on in,, domiciled in, str nr. sc., ap. county, identified with series no. issued byby date of, CNP, Elected for a four-year term, which expires on 04.02.2020. "
- Empowering the General Manager of Romcarbon SA, Andrei Radu, to carry out the necessary formalities and to sign the up-dated incorporation act of the company, as well as all the necessary documents, in order to carry out the items decided at point 6 of the E.G.M.S. decision.

EGMS of 11.06.2018, by Board of Directors Decision no.7/27.04.2018, regarding:

- Approval for ROMCARBON to conclude (as seller), subject to respecting the conditions agreed by the parties in accordance with the selling – buying pre-contract of 23.04.2018, a sales contract (Contract 2 for Package A) with OFFICE & LOGISTIC S.R.L. (as buyer - Romanian legal person identified with J22 / 13/2018, CIF RO 38653333) no later than 30.07.2018, with the possibility to prolong this term by 18 calendar days, regarding the sale of the company assets, located in Iasi no.29 Chisinaului Way, identified as follows: an area of about 30,000.00 sqm land (part of real estate located in Iași, no.29 Chișinăului Way, Iași County, registered in CF no.157261/Iași, from which will be dismantled, the entire real estate consisting of free land and built on a total area of 47,357.00 sqm category of use "constructions land", with the cadastral number

157261), together with the following buildings on this land: C2 - built area 1,421 sqm, no. cadastral 157261-C2, C3 - built area 6,227 sqm, no. cadastral 157261-C3, C4 - built area 472 sqm, no. cadastral 157261-C4, C7 - built area 419 sqm, no. cadastral 157261-C7, C8 - built area 507 sqm, no. cadastral 157261- C8, C10 - built area 774, no. cadastral 157261-C10, C11 - built area 48 sqm, no. cadastral 157261-C11, C12 - built area 208 sqm., no. cadastral 157261-C12, C13 - built area 472 sqm, no. cadastral 157261-C13 and C14 - built area 164 sqm, no. cadastral 157261-C14, according to technical documentation no.63022 of 05.05.2017;

The sale will take place in compliance with the following main conditions, respecting the conditions agreed by the parties in accordance with the selling – buying pre-contract of 23.04.2018:

- Price: EUR 2,400,000 , VAT excluded;

- Payment term: on the date of signing the sales contract;

- The transfer of the property will take place on the date of signing the sale contract;

1.1. Approval for ROMCARBON S.A. (as a constituent) to grant OFFICE & LOGISTIC S.R.L. (as beneficiary - Romanian legal person identified with J22 / 13/2018, CIF RO 38653333) subject to respecting the conditions agreed by the parties in accordance with the selling – buying pre-contract of 23.04.2018, at the same time as the authentication of the sale contract referred to in point 1 (Contract 2 for Package A) the following rights:

i) an use right (Use) for a determined duration of 20 months, on the following assets ROMCARBON S.A. property located in Iasi, no.29 Chisinaului Way, Iasi County, identified as follows:

a) real estate in area of approximately 17,310 sqm. land (part of the real estate with a total surface of 47,357 sqm. with cadastral number 157261), together with the buildings 157261-C1; 157261-C5; 157261-C6; 157261-C9; b) real estate with cadastral number 157255, with an area of 5,159 sqm. and construction 157255-C1; c) real estate with cadastral number 157256, with an area of 393 sqm.; d) real estate with cadastral number 157258, with an area of 967 sqm and construction 157258-C1; e) real estate in surface of about 363 m.p., part of the real estate with a total surface of 832 sqm with cadastral number 124442; f) real estate in surface of about 298 m.p., part of the real estate with a total surface of 308 sqm with cadastral number 124401; g) real estate in surface of about 28 sqm, part of the real estate with a total surface of 57 sqm with cadastral number 124375; h) real estate with cadastral number 148537, with an area of 3,371 sqm and buildings 148537-C1 and 148537-C2 ; i) real estate with cadastral number 125685 with an area of 482 sqm land; j) real estate with cadastral number 128921 with an area of 1,312.48 sqm. land and construction 128921-C1; k) real estate with cadastral number 128832 with an area of 242 sqm. land and construction 3860/223 / 2-3860 / 226/1-C49 / p / 2; l) real estate with cadastral number 140850 in the area of 192 sqm land; m) real estate with cadastral number 157259, with an area of 2,578 sqm. land; n) real estate with cadastral number 158154 in the surface of 2,337 sqm and construction 158154-C1; o) real estate with cadastral number 158156, with an area of 160 sqm. land, subject to respecting the conditions agreed by the parties in accordance with the selling – buying pre-contract of 23.04.2018.

ii) an easement right for walking and circulating with means of transport and an easement right for passage with underground, on the ground and aerial existing/future utility networks on the following assets ROMCARBON S.A. property located in Iasi, no.29 Chisinaului Way, Iasi County, identified as follows: real estate identified by cadastral numbers 123939, 157259, 125723, 125722, 125695, 125682, 125681, the 1.00 sqm area, part of real estate with cadastral number 123936, the 10.00 sqm, part of real estate with cadastral number 124401, the 469.00 sqm, part of real estate with cadastral number 124442, the 29.00 sqm, part of real estate with cadastral number 124375 and the 47.00 sqm , part of real estate with cadastral number 157261, subject to respecting the conditions agreed by the parties in accordance

iii) a preemption right (the exercise thereof shall be in compliance with the provisions of art.1730 -1736 Civ.C), for a determined duration of 5 years, under the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018, for the following real estate, located in Iasi, no.29, Chişinăului Way, Iasi County, identified as follows: cadastral number 125719, 125708, 125718, 125680, 125697, 123936, 125698, 123925 (indivisible quota of 1/2) , 123982, 124379, 123944, 123924, 123929, 123939, 125724, 125716, 125688, 125709, 125721, 125715, 125691, 125723, 125722, 125691, 125682, 125681, 125710, 125720, 125678, 125686, 125689, 125683, 125687 , 125714, 125711, as well as all mobile goods/stocks/networks/etc. existing/located in/on these real estate at the date of the sale offer submitted by ROMCARBON S.A. to OFFICE & LOGISTIC S.R.L., the offer that will include conditions and terms of sale, which will be the same as those offered to any potential buyer / any other potential buyer of these goods.

➤ Approval for ROMCARBON S.A. (as seller) to sell to OFFICE & LOGISTIC S.R.L. (as buyer - Romanian legal person identified with J22/13/2018, CIF RO 38653333) subject to respecting the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018, the assets of ROMCARBON S.A. property, located in Iasi, no.29 Chisinaului Way, Iasi County, identified as follows:

a) real estate in area of aproximatly 17,310.00 sqm. land , part of the total area of 47,357.00 sqm with cadastral no. 157261, together with the following constructions: C1 - built area 247 sqm., no. cadastral 157261-C1, C5 - built area 607 sqm, no. Cadastral 157261-C5, C6 - built area of 608 sqm, no. cadastral 157261-C6 and C9 - built area of 444 sqm, no. cadastral 157261-C9; b) real estate with cadastral no.157255, in area of 5,159.00 sqm. and building 157255-C1;c) real estate with cadastral no.157256, in area of 393.00 sqm; d) real estate with cadastral no.157258, in area of 967.00 sqm. and building 157258-

C1;e) real estate in area of approximately 363.00 sqm., part of the total area of 832.00 sqm. with cadastral no. 124442 (fost 3860/1/4); the area of 363.00 sqm. land will be dismantled from cadastral no. 124442;f) real estate in area of approximately 298.00 sqm., part of the total area of 308.00 sqm. with cadastral no. 124401; the area of 298.00 sqm. land will be dismantled from cadastral no. 124401.g) real estate in area of approximately 28.00 sqm., part of the total area of 57,00 sqm. with cadastral no. 124375; the area of 28.00 sqm. land will be dismantled from cadastral no. 124375;h) real estate with cadastral no.148537, in area of 3,371.00 sqm. and buildings 148537-C1 and 148537-C2;i) real estate with cadastral no.125685 in area of 482.00 sqm. land;j) real estate with cadastral no.128921 in area of 1,312.48 sqm. land and building 128921-C1;k) real estate with cadastral no.128832 in area of 242 sqm. and building 3860/223/2-3860/226/1-C49/p/2;l) real estate with cadastral no.140850 in area of 192.00 sqm. land;m) real estate with cadastral no. 157259, in area of 2,578.00 sqm. land;n) real estate with cadastral no.158154 in area of 2,337.00 sqm. and building 158154-C1;o) real estate with cadastral no.158156, in area of 160.00 sqm.land, under the following main conditions and according to the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018:

1. Contract of sale no.1 (contract 1 for package B), which will be concluded, subject to the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018, for the sale of the following goods:

- Sale - buying the surface of approximately 17,310 sqm land (part of the real estate with a total area of 47,357 m.p. having cadastral number 157261) together with buildings 157261-C1; 157261-C5; 157261-C6; 157261-C9;

- Price: EUR 1,150,000 , VAT excluded, which will be paid/cashed based of the payment order issued by the buyer with the bank visa at the date of signing the sale contract;

- The transfer of the property will take place on the date of signing the sale contract at the latest on 30.07.2019, with the possibility of extending it once with 15 days;

2. Contract of sale no.2 (contract 2 for package C), which will be concluded, subject to the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018, for the sale of the following goods:

- Sale - buying the real estate with cadastral no.157255, in area of 5.159,00 sqm. and building 157255-C1; real estate with cadastral no.157256, in area of 393,00 sqm; real estate with cadastral no.157258, in area of 967.00 sqm. and building 157258-C1; real estate in area of approximately 363.00 sqm., part of the total area of 832.00 sqm. with cadastral no. 124442 (fost 3860/1/4); the area of 363.00 sqm. land will be dismantled from cadastral no. 124442; real estate in area of approximately 298,00 sqm., part of the total area of 308.00 sqm. with cadastral no. 124401; the area of 298.00 sqm. land will be dismantled from cadastral no. 124401; real estate in area of approximately 28,00 sqm., part of the total area of 57.00 sqm. with cadastral no. 124375; the area of 28,00 sqm. land will be dismantled from cadastral no. 124375; real estate with cadastral no.148537, in area of 3,371,00 sqm. and buildings 148537-C1 and 148537-C2; real estate with cadastral no.125685 in area of 482.00 sqm. land;

- Price: EUR 1,150,000 , VAT excluded, which will be paid/cashed based of the payment order issued by the buyer with the bank visa at the date of signing the sale contract;

-The transfer of the property will take place on the date of signing the sale contract at the latest on 30.11.2019, with the possibility of extending it once with 15 days;

3. Contract of sale no.3 (contract 3 for package D), which will be concluded, subject to the conditions agreed by the parties according to the selling – buying pre-contract of 23.04.2018, for the sale of the following goods:

- Sale - buying the real estate with cadastral no. 128921 in area of 1.312,48 sqm. land and building 128921-C1; real estate with cadastral no.128832 in area of 242 sqm. and building 3860/223/2-3860/226/1-C49/p/2; real estate with cadastral no.140850 in area of 192.00 sqm. land; real estate with cadastral no. 157259, in area of 2,578.00 sqm. land; real estate with cadastral no.158154 in area of 2,337.00 sqm. and building 158154-C1; real estate with cadastral no.158156, in area of 160.00 sqm.land;

- Price: EUR 1,130,689 , VAT excluded, to be paid/cashed, the amount of EUR 150,000 , VAT excluded from the escrow account paid as an advance on the price on the date of authentication of the sale purchase agreement of 23.04.2018 and the amount of EUR 980,689, VAT excluded, based of the payment order issued by the buyer with the bank visa at the date of signing the sale contract;

-The transfer of the property will take place on the date of signing the sale contract at the latest on 30.03.2020, with the possibility of extending it once with 15 days;

- Empowering the General Manager of ROMCARBON S.A., Mr. Andrei Radu, who is identified with C.I. XZ series, no.580979, issued 11 January 2013, by S.P.C.L.P. Buzau, CNP 1681127080025, that in the name and on behalf of ROMCARBON SA, to negotiate and sign all the sales contracts mentioned in the previous paragraphs and any additional acts thereto, the contracts for the easement, use, preemption right and any additional acts thereto, the contract regarding the assignment to Buyer of the lease agreements / utilities as detailed in the selling – buying pre-contract of 23.04.2018, as well as any other contracts/documents necessary for the fulfillment of the provisions of the decision of the general meeting of the shareholders, such as, but not limited to: requests to public authorities, public notaries, banks, including documents for opening and operation bank accounts, as well as to appear before the public notary, signing on behalf of the

company and for this with full powers, either in person or by empowered (on the basis of a special authenticated power of attorney) all authentic acts as well as any other documents in order to fulfill those that will be decided in the general meeting of the shareholders.

- Approval of 03.07.2018 as "registration date", according to art. 238 of Law 297/2004 regarding the capital market and art.2 let.e of the C.N.V.M. Regulation no.6/2009.
- Approval of 02.07.2018 as "ex-date", according to art.2 let.f of the C.N.V.M. Regulation no.6/2009.

OGMS of 01.08.2018, by Board of Directors Decision no.9/27.06.2018, regarding:

- Approval to distribute as dividends the amount of RON 2,007,327.93, representing part of the net profit recorded in the fiscal year 2017, in total amount of RON 3,070,409.69 lei, remained undistributed (according to the Ordinary General Meeting of Shareholders Decision no.2 of 26.04.2018, pt.6 let.c)
- Approval, as a result of approving point 1 to distribute the gross dividend/share of RON 0.0076 /share, corresponding to financial exercise 2017, for the total number of 264 122 096 shares, distribution of the dividends following to be made according to the provisions of the law and under the condition of obtaining consent from the company's creditor banks.
- Approval of 04.10.2018 as "registration date", according to art. 86 par.1 of Law no.24/2017 on issuers and capital market operations and art.2 par.2 let.f of the A.S.F. Regulation nr.5/2018.
- Approval of 03.10.2018 as "ex-date", according to art.2 par.2 let.l of the A.S.F. Regulation nr.5/2018.
- Approval of 24.10.2018 as the "payment day", according to art.2 par.2 let. h and art.178 par.1 of the A.S.F. Regulation nr.5/2018.

E.G.M.S of 01.08.2018, by Board of Directors Decision no.9/27.06.2018, regarding:

- Approval, under condition of obtaining prior consent of financing banks in this regard, for Romcarbon S.A. as lender, to grant Livingjumbo Industry SA, as borrower, of a shareholder loan in amount of EUR 1,000,000 , destined for sustaining Livingjumbo Industry SA activity and reimbursment of the credit in value of EUR 1,000,000 contracted with Unicredit Bank S.A. in the following main conditions:
 - maturity: 12 months, with the possibility to prolong by additional equal periods;
 - interest rate: 4% /year;
 - guarantees: blue ceck ;
 - currency: Euro.
- The empowerment of the General Manager and Financial Manager to represent the company, negotiate the loan contract clauses and sign it and all/any addendums thereto, as well as any/all necessary documents in this regard.
- Approval for Romcarbon S.A. Investment Plan for the year 2018, in value of EUR 951,834, as detailed in point I. of the material no. 6425/26.06.2018, as well as approval for the modification of of the Investment Plan approved for the year 2017, in the sense of replacing some of the investment objectives approved according to this investment plan with other investment objectives, as detailed in point II. of the material no.6425/26.06.2018.
- The empowerment of the General Manager and Financial Manager to represent the company, negotiate the acquisition contract clauses and sign them and all/any addendums thereto, any/all necessary financing contracts and addendums tehereto, as well as all/any documents in this regard.
- Approval for Romcarbon S.A. to contract a loan in amount of EUR 700,000 to complete the financing structure for implementing the 2018 Investment Plan, as well as approval for consequently increasing Romcarbon SA banking exposure by the amount EUR 700,000 and for supplementing the guarantee structure already established, with those guarantees that will be established by the company in order to guarantee this new credit.
- The empowerment of the General Manager and Financial Manager to represent the company in order to contract the credit, to negotiate the contractual clauses, to identify the required movable guarantees and/or immovable guarantees and to sign all/any credit agreements, all/any movable and/or immovable mortgage contracts , all/any addendums thereto, as well as any other documents required for this purpose.
- Approval of 04.10.2018 as "registration date", according to art. 86 par.1 of Law no.24/2017 on issuers and capital market operations and art.2 par.2 let.f of the A.S.F. Regulation nr.5/2018.
- Approval of 03.10.2018 as "ex-date", according to art.2 par.2 let.l of the A.S.F. Regulation nr.5/2018.

In regard to compliance with the provisions of art. 138² of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide of the Corporate Governance Code, we mention that the administrators meet the condition of independence partly because only Mr. SIMIONESCU DAN and Mr. WANG YI - HAO are independent administrators.

In the company there is also an Audit Committee composed of the following administrators: SIMIONESCU DAN and WANG YI -HAO.

Regrading the existence of a Remuneration Committee, we mention that the company does not intend to establish such advisory committee, the competence for establishing and application of the remuneration policy in the company belongs exclusively to the General Meeting of Shareholders (pay/fee for the board members) or to the Board of Directors (remuneration of executive management and staff respectively), within legal limitations conferred by the Act of incorporation and companies legislation referring to these bodies.

Currently, directors' remuneration is made in accordance with the Articles of Incorporation and the Decision of the Ordinary General Meeting of Shareholders of 27.04.2012.

2.3. Executive Management

Executive management of ROMCARBON S.A. is provided by the following persons, to whom the company's management duties have been delegated:

- Andrei Radu- General Director since 01.09.2013
- Manaila Carmen - Operations Director since 01.10.2017
- Cretu Victor - Operations Manager Polypropylene Sector starting 01.10.2017
- Pindaru Marina Alina - Director of Operations of the Polytechnic Sector starting with 01.10.2017
- Voicheci Neli - Director of Operations Sector Compounds since 01.10.2017
- Ungureanu Ion - Operations Manager PSE Sector starting with 01.10.2017
- Titi Mihai - Deputy Technical Deputy General Manager since 01.06.2010
- Genes Alina - Director of Development until 30.06.2018
- Zainescu Viorica Ioana - Financial Director since 15.01.2010
- Damian Nicoleta - Human Resources Director until 31.08.2018
- Duracu Gheorghe - Quality Manager since 05.01.2004

The management of the company is delegated by the Board of Directors to the General Director and to the Operations Director, acting independently of each other and being responsible for all measures appropriate to the Company's management, within the scope of the Company's object of activity and respecting the exclusive competencies reserved by the Law or the Incorporation Act, to the Board of Directors or the General Meeting of Shareholders. In this respect in the relations with third parties, the Company is represented by the Company's General Director and Operations Director under the provisions of art. 143 para. 4 in conjunction with art. 143² paragraph 4 of Law 31/1990 on commercial companies, acting independently within the limits of the mandate received. The Company's directors are appointed or revoked by the Board of Directors, which determines their attributions, responsibilities and powers, their attributions of representation may be delegated by the Company's directors to a third party only with the prior written consent of the Board of Directors.

Remuneration of directors of the company is in accordance with the articles of incorporation.

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2018:

- a) Administrators – Director fee according to OGMS Decision of 27.04.2012 – RON 321,643
- b) Executive Management -RON 2,345,237

III. CORPORATE RIGHTS OF THE SHAREHOLDERS

The shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired the right in the shareholder register kept by the company with the DEPOZITARUL CENTRAL S.A., according to the law.

The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of incorporation in force at the date of acquisition.

ROMCARBON S.A. respects the rights of shareholders and ensures an equal treatment for all shareholders of the same type and class, providing to them all relevant information so that they may exercise all rights. Shareholders must exercise the rights conferred by shares in good faith, respecting the rights and legitimate interests of other shareholders and the priority interest of the company, otherwise being liable for damages.

Each share subscribed and paid by shareholders gives them the right to one vote in the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of incorporation of the Company and company assets in case of dissolution of the company and other rights provided by law.

The rights and obligations of each share will follow it in case of its passing in the property of another person. The company's obligations are secured by its assets.

The company's patrimony can not be encumbered by any personal debt or obligation of its shareholders.

A creditor of a shareholder may claim part of the company's benefit only after the general meeting of the shareholders approves the balance sheet and the benefit, as well as the share thereof, which is due to each shareholder. Each of shareholders participates in profits and losses in proportion to the share capital owned.

The share capital of the company may be increased by the decision of the Extraordinary General Meeting of Shareholders or, in the cases provided for by the law, by the decision of the Board of Directors, by all means and procedures stipulated by the legal provisions and under the conditions stipulated by the law.

Existing shareholders will have the preemption right, under the law, to acquire new shares in proportion to the share held in the company's share capital at that time. The payment made by the shareholders to the company in exchange for these shares will be made in accordance with the legal provisions and the approval of the General Meeting of Shareholders.

The term of exercising the preemption right is set by the Extraordinary General Meeting of Shareholders approving the capital increase, and can not be less than the term stipulated by the law. If any of the aforementioned shareholders declines or fails for any reason to exercise the preemption right to acquire new shares within the term set by the Extraordinary General Meeting of Shareholders, this right will be passed on to the other shareholders who will be able to exercise within one week from the expiry of the deadline set by the meeting approving the capital increase and proportional to the share held in the share capital at the date of identifying the shareholders to be entitled to the rights established by that meeting.

The General Meeting of Shareholders will be able to decide to re-establish the share capital by issuing new shares.

The Extraordinary General Meeting of Shareholders or the Board of Directors shall decide to reduce the share capital in accordance with the legal provisions by reducing the nominal value of the shares or by reducing the number of shares or by acquiring own shares followed by their cancellation, other cases of reduction of the share capital.

Under no circumstances will the share capital decrease be able to affect in any way the quality of the shareholder and the equality between the shareholders.

Currently, the share capital of ROMCARBON S.A. is of RON 26,412,209.60.

All shareholders of shares issued by ROMCARBON S.A. are treated fairly. All issued shares confer equal rights to holders.

ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (G.M.S.), the full exercise of their rights, the dialogue between shareholders and members of the Board and / or management.

General Meeting of Shareholders is Company's governing body that decides on its activity and ensures its economic and commercial policy.

The powers of the General Meeting of Shareholders are those stipulated in the Article of incorporation of ROMCARBON S.A. and it is in strict accordance with the law, ensuring the presentation of materials, recording works and decisions.

The General Meeting is convoked by the Board whenever necessary.

To the General Meeting of Shareholders are entitled to attend and to exercise voting rights the shareholders registered in the Register of Shareholders (released by the company Central Depository SA) at the reference date set at the end of the day. The shareholders can participate in person or by representative and by correspondence. Representation of shareholders can be made by other persons than the shareholders, based on a special power of attorney according to art. 92 par.10 of Law 24/2017.

In case of personal voting individual shareholders and corporate shareholders are entitled to attend the GMS meeting by simply proving their identity made in the case of individual shareholders with the identity document (identity card, passport, residence permit) and in the case of corporate shareholders with the legal representative identity document (identity card, passport, residence permit). Quality of legal representative is proved by a certificate issued by the Register of Commerce or any equivalent document issued by a competent authority of the State in which corporate shareholders is legally registered, which certifies the quality of legal representative, presented in original or certified copy. Documents certifying the legal representative quality of the corporate shareholder shall be issued not more than 3 months before the GMS Convocation publication date. Documents submitted in a language other than English will be accompanied by a translation made by an authorized translator into Romanian / English.

In case of shareholders voting by representation by power of attorney the shareholders can be represented to GMS meetings by representative who may be another shareholder or a third person. Voting by representation by means of special power of attorney can be expressed by completing and signing the special power of attorney forms provided by the company in 3 copies out of which: a copy will be sent in writing original, at the company registered

office, the second copy will be handed to representative, so that it can prove as representative to the request of the technical secretariat of the meeting, the third will remain at the shareholder. The special/general power of attorney will be sent, if special power of attorney in original or in certified copy Procura speciala/generală va fi transmisă în format fizic, în original în cazul procurii speciale, respectiv în copie conform cu originalul under the representative's signature, if general power of attorney, so that it is recorded at the company's office reception in due time or by e-mail to office@romcarbon.com (in case of using electronic means, the power of attorney will be sent by electronic signature in compliance with Law no.455 / 2001), until the same date and time. Regardless of the method of transmitting the power of attorney for the GMS should bear clear and written in capital letters "POWER OF ATTORNEY FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". A shareholder may appoint only one person to represent him in the GMS. A shareholder may appoint by power of attorney one or more alternate representatives to ensure its representation in the GMS if the designated representative is unable to fulfill its mandate. If by power of attorney are designated more alternates representatives the shareholder will determine the order in which they will exercise their mandate. The shareholder may also grant a general power of attorney valid for a period that will not to exceed three years, which empowers the representative to vote on any matter in debate of GMS, including in terms of disposal acts, provided that the power of attorney is given by the shareholder as client to an intermediate as defined in the law of capital or to a lawyer. For identification purposes the special/general power of attorney will be accompanied by the following documents: copy shareholder identification document (identity card, passport, residence permit) and copy of representative identity document for individual shareholders; copie act de identitate reprezentant/mandatar persoană fizică (buletin de identitate, carte de identitate, pasaport, permis de sedere), copie reprezentative/agent identification document lawyer accompanied by lawyers original mandate or if the representative/agent is a legal person copy of the identity document of the legal representative of the legal person representative accompanied by a certificate issued by the Register of Commerce or any equivalent document issued by a competent authority of the State in which reprezentantul / agent legal person is legally registered, presented in original or certified copy. Documents submitted in a language other than English will be accompanied by a translation made by an authorized translator into Romanian / English. When completing the special power of attorney forms shareholders will consider the possibility of completing/amending the agenda, in which case the power of attorney forms will be updated in due time.

Shareholders may not be represented in the General Meeting of Shareholders on the basis of a general power of attorney by a person in a situation of conflict of interest, according to art. 92, paragraph 15 of the Law no.24/2017 regarding issuers of financial instruments and operations market.

When a shareholder is represented by a credit institution providing custody services, it may vote in the general meeting of shareholders on the basis of voting instructions received by electronic means of communication, without the need for a special mandate or general by the shareholder. Custodians vote in the general meeting of shareholders exclusively in accordance with and within the limits of the instructions received from its clients as shareholders at the reference date.

When a shareholder is represented by a credit institution providing custody services, it may vote in the general meeting of shareholders on the basis of voting instructions received by electronic means of communication, without the need for a special mandate or general by the shareholder, according to the provisions of art. 92 paragraph 11 of the Law no. 24/2017.

Shareholders registered in the Register of Shareholders at the reference date can express and transmit their vote on the matters on the agenda of the GMS by correspondence. Voting forms can be obtained at the company - Shareholder Investors Relations Department or can be downloaded from the company's website, both in Romanian and in English. Vote by correspondence forms completed and signed by the shareholder shall be sent in writing, in original at the company headquarters or by e-mail at office@romcarbon.com bearing the electronic signature in compliance with Law no.455/2001, so that it is recorded as received in due time. Regardless of the method of submission of the vote by correspondence it should bear this clearly written in capital letters "VOTING FORM BY CORRESPONDENCE FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". ". The form of voting by correspondence will be accompanied by the following documents: copy of identity document in case of individual shareholder; copy of the identity document of the representative/agents certificate issued by the Register of Commerce or equivalent document issued by a competent authority in the State where the shareholder is registered legally certifying the legal representative quality, submitted in original or certified copy, in case of legal persons. Documents certifying the quality of legal representative of the corporate shareholder shall be issued not more than 3 months before the GSM Convocation publication date. Documents submitted in a language other than English will be accompanied by a translation made by an authorized translator in Romanian or English. In case the shareholder who has voted by correspondence or through a representative attend the GMS, the vote expressed by correspondence is canceled. In this situation it will be considered their vote expressed in person or by representative in the meeting.

The correspondence voting form for the GMS vote submitted by a shareholder for which a credit institution provides custody services will be valid without the submission of any additional documents relating to that shareholder if the voting form is drafted in accordance with Law no. 24/2017 and ASF Regulation no.5/2018 and is signed by the respective shareholder. If the person representing the shareholder by personal participation in the general meeting is other than the one who has cast the ballot by correspondence, then for the validity of his vote, he shall present to the assembly a written revocation of the vote by correspondence, signed by the shareholder or the representative who cast the vote correspondence. This is not necessary if the shareholder or his legal representative is present at the general meeting.

One or more shareholders representing, individually or together, at least 5% of the share capital have the right to introduce items on the agenda of the GMS (provided that each such item is accompanied by a justification or a draft decision to be adopted) and to propose draft decisions for items included or to be included on the agenda. Proposals on the draft decision may be submitted in a sealed envelope at the company headquarters in no. 132. Transylvania street, Buzau. Buzau County, or sent by e-mail with electronic signature in compliance with Law no. 455/2001 until the same date and time at office@romcarbon.com with the written statement "MOTION FOR NEW AGENDA ITEMS FOR ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS of(the date of GM convocation)". Each proposed new item must be accompanied by a justification or a draft decision to be adopted at the GMS. These proposals must be accompanied by copies of identity document in case of individual shareholders; copy of the identity document of the representative / agent certificate issued by the Register of Commerce or equivalent document issued by a competent authority from the state where the shareholder is registered legally certifying the quality of legal representative, presented in original or certified copy, in case of legal persons. Documents certifying the legal representative quality of the corporate shareholder shall be issued not more than 3 months before the GMS Convocation publication date.

Each shareholder is entitled to submit, questions related to items on the agenda in accordance with art.198 of ASF Regulation No.5/2018. Questions can be submitted in writing to the company headquarters or by e-mail with electronic signature in compliance with Law 455/2001 regarding the electronic signature at office@romcarbon.com mentioning the topic "FOR THE ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON (the date of GM convocation)". The questions must be accompanied by a copy of identity document in case of individual shareholder(natural persons); copy of the identity document of the representative/agent, certificate issued by the Register of Commerce or equivalent document issued by a competent authority in the state where the shareholder is registered legally certifying the quality of legal representative, presented in original or certified copy, in case of legal persons. Documents certifying the legal representative quality of the shareholder legal person shall be issued not more than 3 months before the publication date of the GSM Convocation.

The company will issue an general valid answer to questions with the same content that will be made available on the website of the company in question and answer format.

Information materials, power of attorney forms and draft resolutions relating to the items on the agenda can be found at the company headquarters, every working day, or on the company website (www.romcarbon.com-Section shareholders / General Meeting of Shareholders) starting with 30 days before the General Meeting.

In case of failure to fulfill the conditions stipulated by law and the articles of incorporation for holding the General Meeting of Shareholders on the date and time mentioned in the convocation , the next meeting is convened for a later date approved by the Board of Directors, in the same place with the same agenda and for the same shareholders registered on the same date.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on www.romcarbon.com a special section called Shareholders, accessible and constantly updated.

This page is structured to contain all information necessary to shareholders: Board meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders at company level being active an Investors Relations Department . Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the relationship with shareholders and investors, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management. For the purpose of company activity adequacy to the rules and discipline on corporate governance, the company established an Investors Relations Department, to ensure compliance with corporate standards under the Corporate Governance Code of the Bucharest Stock Exchange.

Above mentioned reports are transmitted to the Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at www.romcarbon.com, shareholders section.

ROMCARBON S.A. develops and disseminates relevant information periodic and continuous, in accordance with International Financial Reporting Standards (IFRS) and other reporting standards or environmental, social and leadership (ESG - Environment, Social and Governance).

Currently, external financial auditor ROMCARBON S.A. is DELOITTE AUDIT SRL and was based on OGMS Decision from 26.04.2018 respectively for a period of 1 year.

In terms of managing conflict of interest in case of transactions with parties, corporate behavior of board members is: avoid any conflict of interest directly or indirectly with the company or any subsidiary controlled by it, by informing the Board of Directors on conflicts of interest occurred, in which case it will refrain from discussions and voting on such matters.

IV. SOCIAL RESPONSIBILITY

The company's strategy in terms of social responsibility is based on a set of principles that define its relationship with partners - employees, creditors, suppliers, customers, investors (stakeholders)

The management team of ROMCARBON S.A. believes that development is not possible without the contribution of each employee and the company as a whole.

The company aims, through an active policy of CSR:

- * to support and respect the human rights of its employees in particular. In this respect the employees benefit from various specialized programs / professional training and a constant awareness of the evolution of the company (presentation by the representatives of the employees, ie periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the implementation of labor protection and means of organizing it. (Eg. Training periodic granting personal protective equipment, workwear, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, do not engage in trafficking and do not in any way encourage these ideas. There are not tolerated under any circumstances corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment .

- * to support freedom of association. The Company respects the legal right of all staff to appoint representatives who negotiate on behalf and for them in regular negotiations collective bargaining agreement at company level. Employee representatives to ensure their protection of the law against all forms of conditioning, constraint or limitation of exercising their functions.

- * Contribute to the elimination of discrimination in employment jobs, profession, and the wage determination. Any direct or indirect discrimination against an employee based on sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, social origin, handicap, family status or responsibility, trade union membership or activity is prohibited in the Company.

- * **To combat any form of corruption.**

- * **To support educational activities.**

- * **To support various social categories** (deserving young people, sick or disabled people) through humanitarian actions that include sponsorship / mecenation, but also assistance in extreme cases and to help disadvantaged or underprivileged people. Under this active CSR policy, ROMCARBON SA granted material aid in the financial year 2018 amounting to RON 58,076 to its own employees affected by various events with a strong social and human impact (childbirth, deaths of family members , fires, floods, etc.).

The company is a founding member of GREENLIFE ENVIRONMENTAL ASSOCIATION.

The purpose of the Association is to represent, promote and support employers and professional interests of its members in relations with public authorities and other legal entities and individuals, to strengthen their authority and social prestige and act to modernize and develop the field of the protection environment in the international norms and standards. The Association aims to promote the spirit of human solidarity by organizing and supporting humanitarian actions.

Within the organization, runs a program for the support of employees and first degree relatives for serious illnesses and merit scholarships granted to the children of employees.

- * To support sports activities in Buzau with financial aid;

In the local community in which it operates, the company assumes an active role by supporting community initiatives through human and financial resources.

- * To anticipate environmental issues and to promote environmental responsibility.

In this regard, ROMCARBON S.A. aims to improving the quality of environmental factors and biodiversity conservation by promoting awareness of environmental issues and health.

ROMCARBON S.A. complies with environmental protection legislation pivind, being involved in litigation regarding infringement legislation. Periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality management system certified by SRAC - environment-occupational health and safety standards ISO 9001: 2008; ISO 14001: 2005; OHSAS 18001: 2007

In ROMCARBON S.A. we identify all real and potential environmental aspects, positive and negative environmental aspects, including indirect issues generated by companies operating at company headquarters and affecting environmental performance. The identification of the environmental aspects is based on the systematic analysis of each process / subprocess (including their inputs and outputs) according to the PS 03 "Environmental System" procedure in normal, abnormal (including start and stop) and emergency situations, accidents .

Under normal operating conditions the company's activity does not cause significant environmental impacts. Following the identification and evaluation of environmental aspects were developed management programs to improve the environmental performance of the company.

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorships were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the International Day Environment under the title "for a cleaner world!" / "We have only one Earth. Let's give priority!", organized each year on 5 June, with companies like Greentech SA, Greenfiber International S.A. and Greenwee International S.A.

Partners of these events are constantly Environmental Protection Agency Buzau, Buzau Prefecture and Municipality of Buzau.

In fact, environmental protection is an absolute priority, because ROMCARBON S.A. supports, in a decisive way, development in Buzau of "industries" which proves more and more that the economy and the environment can survive together without compromise - "Green Industry".

Since 2012 in the Center for profit no. 7 - Compound is pursuing Waste plastics recycling by separating recyclable fractions and milling, extrusion, filtration these separated fractions to obtain composite materials.

Starting 4 September 2014 Romcarbon became a member of the Romanian Association of Sanitation, which became meanwhile Romanian Association for Waste Management - ARMD; as final waste recycler, Romcarbon supports the strands of this entity:

- promoting sustained interests of its members;
- permanent involvement in the drafting of legislation on waste management in Romania;
- active involvement in waste management Association of Romania, through studies and market research;
- initiation of contracts with organizations in order to attract funds and grants, both for members and for the sustainable development of the association's activities;

As a socially responsible company, ROMCARBON SA aims, therefore, not only increase employee, trading partners and its shareholders satisfaction and increase the efficiency of the level of professional competence and human resources, including those available in the community.

7. ANNEXES

Not in case.

Chairman of the Board,
Huang Liang Neng

General Manager: eng.Andrei Radu
Financial Manager :ec. Zainescu Viorica Ioana

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
Section A – Responsibilities				
A.1.	All companies should have an internal regulation of the Council which includes terms of reference/ responsibilities of the Board and key management of the Company, and which apply, inter alia, the general principles of Section A.		Partially	Articles of Incorporation contains provisions on the terms of reference and responsibilities of the Board of Directors. The Board of Directors will take action for the adoption of a Board regulation.
A.2.	Provisions for managing conflicts of interest should be included in the Board of Directors Regulation. However, the Board members must notify the Board of Directors any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for a decision on the matter that gives rise to this conflict of interest.		Partially	The Articles of Incorporation of the company includes provisions for managing conflicts of interest and how to vot. Provisions for managing conflicts of interest will be included in the Board of Directors Regulation to be adopted.
A.3.	The Board of Directors or the Supervisory Board must consist of at least five members.		NO	Articles of Incorporation provides for a Board of directors comprising of three members according to article 137 paragraph 2 of Law No. 31/1990.
A.4.	The majority of the Board members must have no executive function. At least one member of the Board or the Supervisory Board should be independent in the case of companies in the Standard category.	YES		
A.4.	Each independent member of the Board of the Directors or the Supervisory Board, as appropriate, shall submit a declaration at the time of his nomination for the election or re-election, and when there is any change of status or indicating the elements based on which it is considered that it is independent in terms of its character and judgment.		NO	Regulation of the Board of Directors to be developed and approved will regulate measures to comply with this requirement.
A.5.	Other commitments and professional obligations relatively permanent of a member of the Board of Directors, including non-executive Board members and executive positions of companies and nonprofit institutions, shareholders and potential investors should be disclosed before and during his mandate.	YES		On the company's website are published the board members CV's including information on its member's professional obligations.
A.6.	Any member of the Council must provide information on any relation to a shareholder who directly or indirectly hold shares representing more than 5% of all voting rights. This also applies to any report that may affect limb position on matters decided by the Council.	YES		
A.7.	The company must appoint a secretary of the Board responsible for supporting the Board of Directors activity.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
A.8.	Corporate governance statement will inform if there was an evaluation of the Board of Directors under the President or the nomination committee and, if so, will summarize the key measures and changes resulting from it. The company must have a policy/guidance on the assessment of the Committee including the scope, criteria and frequency of the evaluation process.		NO	It will be analyzed and implemented, the company will inform in a current report on compliance with this requirement.
A.9.	Corporate governance statement must contain information on the number of meetings of Council and Committees during the past year, participating administrators (in person and in absence) and a report of the Board of Directors and committees on their activities.	YES		
A.10.	Corporate governance statement must include information on the exact number of independent members of the Board of Directors or Supervisory Board.	YES		
A.11.	The Council of Premium Category Companies should establish a nomination committee consisting of people without executive functions, which will lead the nominations procedure for new members in the Council and make recommendations to the Board. Most members of the nomination committee should be independent.			Not the case
Section B - The risk management and internal control system				
B.1.	The board should establish an audit committee in which at least one member must be independent non-executive director. Most members, including the president, must be shown to have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one audit committee member should have accounting or auditing experience proven and appropriate. If companies in the premium category, the audit committee must be composed of at least three members and the majority of audit committee members must be independent.	YES		
B.2.	Chairman of the audit committee must be an independent non-executive member.	YES		
B.3.	Within its responsibilities, the audit committee must conduct an annual assessment of internal control system.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of reporting risk management and internal control presented to the Audit Committee of the Board, timeliness and effectiveness of the executive management solves deficiencies or weaknesses identified from control internal and presenting relevant reports to the Board.	YES		
B.5.	The Audit Committee shall assess conflicts of interest in connection with transactions of the Company and its subsidiaries with related parties.	YES		
B.6.	The Audit Committee shall assess the effectiveness of internal control system and risk management systems.	YES		
B.7.	The audit committee must monitor the implementation of legal standards and internal audit standards generally accepted. The Audit Committee should receive and evaluate internal audit team reports.	YES		
B.8.	Whenever mention code or analysis reports initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc Council to be submitted later.	YES		
B.9.	No shareholder may be given preferential treatment over other shareholders in connection with the transactions and agreements concluded by the company with shareholders and their affiliates.	YES		
B.10.	Council should adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) approved Council following a binding opinions by the audit committee of the Board and disclosed correctly shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	YES		
B.11.	Internal audits must be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party entity.	YES		
B.12.	In order to ensure the fulfillment of the main functions of the internal audit department, he must report functionally to the Council through the audit committee. Administrative purposes and the management obligations to monitor and reduce risks, it must report directly to the Director General.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
Section C1 - Just reward and motivation				
C.1.	The company shall publish on its website the remuneration policy and include a statement in the annual report on the implementation of remuneration policy during the annual period under consideration. Remuneration policy should be formulated so as to allow shareholders understand the principles and arguments underlying remuneration of Board members and the CEO, and the Executive Board in the dual system. It should describe the driving process and making decisions regarding remuneration, detailing components of the remuneration of the executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the duration of the contract Executive Director and the period of notice stipulated in the contract and any compensation for unjust dismissal. Report on remuneration must submit implementation of the remuneration policy for persons identified in the remuneration policy during the annual period under consideration. Any fundamental change in remuneration policy interventions must be published in due course on the website of the company.		NO	Remuneration policy of the members Board of Directors is established by the OGMS and the company's remuneration policy (remuneration of executive management staff respectively) falls under the exclusive competence of the Board of Directors according to the document of the company and legislation companies. The Board of Directors is considering all necessary measures to ensure compliance with this requirement.
Section D - adding value to the investor relations				
D.1.	The company must hold an Investor Relations Service -made widely known by the person / persons responsible or organizational unit. In addition to the information required by the law, the company must include on its website a section dedicated to investor relations in Romanian and English, with all relevant information of interest to investors, including.	YES		
D.1.1.	The main corporate regulations: articles of association, the procedures for general meetings of shareholders;	YES		
D.1.2.	Professional CV's of the management members of the Company, other professional commitments of Board members, including non-executive and executive positions on boards of companies or nonprofit institutions;	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
D.1.3.	Current reports and periodic reports (quarterly and annual) - at least those provided for in section D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4.	Information on shareholders meetings: agenda and information materials; the election of Board members; arguments supporting the proposals of candidates for election to the Council, together with their professional CVs; Shareholders with questions regarding items on the agenda and the company's response, including decisions adopted;	YES		
D.1.5.	Information on corporate events such as payment of dividends and other distributions to shareholders or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. The information will be published within a period to allow investors to take investment decisions;	YES		
D.1.6.	Name and contact details of someone who can provide, upon request, relevant information;	YES		Contact information for investors are posted on the company's website, they will be filled with information about those responsible for investor relations.
D.1.7.	Company presentation (eg., Investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual) audit reports and annual reports.		Partially	Presentation of the firm is the reporting system established by the laws in force and by disseminating financial statements and audit reports.
D.2.	The company will have an annual dividend distribution policy or other benefits to shareholders, proposed by the Director General or by the Executive Council and adopted as a set of guidelines that the company intends to follow on the distribution of net profits. Principles policy annual distribution to shareholders will be publicatepe website of the company.		NO	Decisions on dividend distributions are taken by the General Assembly of Shareholders. Deadministratie Council will meet necessary efforts to develop a dividend policy.
D.3.	The company will adopt a policy about predictions, whether they are made public or not. Projections refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so called hypotheses) by its nature, this project has a high level of uncertainty, actual results can differ significantly forecasts presented initially. Policy forecasts will determine the frequency, time and content envisaged forecasts. If published projections can only be included in the annual reports, semi-annual or quarterly. Policy forecasts will be published on the website of the company.		NO	Until now the company has not implemented a policy forecasts. It will consider the future implementation of such policies.
D.4.	Rules shareholders' meetings should not limit participation of shareholders at general meetings and exercise their rights. Rule changes will come into force at the earliest, starting with the next meeting of shareholders.	YES		

Section	Provisions of the Code that must be respected	Comply	Does not comply or partially comply	The reason for non-compliance
D.5.	External auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	YES		
D.6.	Council will present the annual general meeting of shareholders a brief assessment of the internal control systems and management of significant risks and opinions on issues subject to the decision of the General Assembly.	YES		
D.7.	Any specialist, consultant, expert or financial analyst may participate in the shareholders meeting under a prior invitation from the Council. Accredited journalists can also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise requires.	YES		
D.8.	Financial reports quarterly and half will include information both in Romanian and in English on the key factors influencing changes in the level of sales, operating profit, net profit and other financial indicators relevant from both qoq and from year to year.	YES		
D.9.	A company will hold at least two meetings / teleconferences with analysts and investors every year. Information presented on these occasions will be published in the Investor Relations section of the company website on meetings / teleconferences.		NO	On the company's website and through reports that society makes, ensure transparently inform all those interested in its work. The company also responded and respond positively requests from representatives from the specialized press and analysts on the provision of financial information and / or information regarding future development projects designed communication media channels. The Company will inform investors about oragnizarea advance of any meetings / teleconferences with analysts and investors.
D.10.	If a company supports various forms of artistic expression and cultural, sports, educational activities or scientific and considers their impact on the innovative nature and competitiveness of the company are part of the mission and its development strategy, will publish policy on activity in this area.	YES		

**Chairman of the Board,
Huang Liang Neng**

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

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