



ROMCARBON S.A.

INDEPENDENT ASSURANCE REPORT AS OF 30 JUNE 2019

26 Iulie 2019
București

The Board of Directors
Romcarbon SA
Romania

**LIMITED INDEPENDENT ASSURANCE REPORT
ON THE INFORMATION INCLUDED IN THE CURRENT REPORTS PREPARED BY THE COMPANY
IN ACCORDANCE WITH THE PROVISIONS OF LAW NO. 24/2017
AND FINANCIAL SUPERVISORY AUTHORITY REGULATION NO. 5/2018**

Purpose of independent assurance report

In accordance with the provisions of art. 144.B of Regulation no. 5/2018 issued by the Financial Supervisory Authority ("the FSA") and based on your request, we have performed procedures, enumerated below, on the Appendix 1 issued by Romcarbon SA ("the Company") to The Authority for Financial Surveillance (ASF), with regard to the contracts signed by Romcarbon SA with the administrators, employees, shareholders who retain control, as well as persons engaged with these reported under article 82 of Law no.24/2017 with regard to the period January 1, 2019 to June 30, 2019. The Appendix 1 is the responsibility of the management of the Company ("Management"). The report included in Appendix 1 has been prepared by the Company's management in order to report to the FSA pursuant to the requirements of Law no. 24/2017 art. 82 (1) - (4) and Regulation no. 5/2018 art. 144.B (1) - (3), referred here as "the Regulation".

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

The Company reported to the Financial Supervisory Authority (ASF) legal acts concluded in the first half of 2019 with affiliated parties, irrespective of the estimated value of legal acts (less than EUR 50,000 or more than EUR 50,000).

Company's responsibilities

Management is responsible for making available all supporting evidence for the purpose of the present report, with regard to the contractual details and prices agreed between Romcarbon SA and the administrators, employees, shareholders who retain control, as well as persons engaged with these. Management is responsible for the preparation and fair presentation of Appendix 1 that is free from material misstatement, in accordance with the Regulation, and for the information presented therein. Such responsibility implies the design, implementation and maintenance of such internal control relevant to the preparation and presentation of the information disclosed in Appendix 1 that is free from material misstatement, whether due to fraud or error. In addition, such responsibility implies the compliance with the Regulation and keeping of proper supporting documents in relation to Appendix 1 and preventing and identifying fraud and ensuring that the Company complies with the legislation and regulations in force.

Criteria

- The contract details noted in Appendix 1 reported to ASF, agree with the contract.
- The contracting parties properly authorized the contract.
- The contract provides for the terms and conditions governing the contractual relationship between the related parties such as contracting parts, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and

deadlines.

- The price agreed between the parties is mutually agreed based on the type of product and other terms and conditions.

Deloitte's responsibilities

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

We conducted the engagement in accordance with ISAE 3000 as adopted by the Romanian Financial Auditors Chamber regarding the assurance engagements other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our procedures in order to obtain a limited assurance whether the financial information included in the Appendix A comply, in all material respects, with the Regulation, as a basis for our independent conclusion.

We apply the International Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understating of the information contained in Appendix 1 and other circumstances of the engagement, as well as on our judgment of the areas that may show significant misstatements. In developing our understanding of the information included in Appendix 1, we have considered the Company's internal control relevant for drawing up and presenting such information in accordance with the Regulation, in order to determine the relevant procedures in the given circumstances, and not for the purpose of expressing a conclusion of the efficiency of the Company's internal control in the drawing up and presentation of Appendix 1 and in carrying out the reported transaction.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This report does not constitute a legal opinion.

We formed our conclusion based on, and in connection with, the aspects revealed herein. In our opinion, the evidence we have obtained is sufficient and adequate to form a basis for our limited assurance conclusion.

Procedures performed

- 1) Obtain Appendix 1, detailing the list of transactions reported for 2019, select the transactions that in H1 2019 had value higher than 50,000 EUR and agree the details of the contracts reported in Appendix 1 to the underlying contracts.
- 2) Obtain and review the contracts to verify that the contracting parties have properly authorized them and to ascertain whether they provide for: the contracting parties, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- 3) Obtain an understanding, by discussing with Management, as to how the contractual relationship for the reported contracts was established.

- 4) Discuss with Management and comment on the company's internal policy with respect to transactions with its administrators, employees, shareholders that have control, as well as its related parties.

Results of procedures

- 1) We obtained Appendix 1 signed by Management and we agreed the details of the contracts pertaining to the first half of 2019 reported in the Appendix 1 to the underlying contracts. Our procedures have been applied only to the Appendix 1. We have not performed any procedures to verify whether this list include all the transactions to be reported by the Company under the provisions of article 82 of Law no.24/2017. Our procedures were applied only to the transactions/contracts that exceeded 50,000 EUR during the 1st semester of 2019.
- 2) We obtained and reviewed the contracts and verified that the contracting parties have properly authorized them and verified whether they provided for the contracting parties, the contracts date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- 3) With respect to item (3) above, Management informed us that the price agreed between the parties were established as stated in point 4 below.
- 4) With respect to item (4) above, we understand, based on our discussion with Management, that the Company has adopted the following pricing policies:
 - a) Romcarbon SA acquired IT services under contract 4088/30.12.2013 concluded with Info Tech Solutions SRL. Info Tech Solutions SRL uses the same rates in relation to affiliated and non-affiliated parties.
 - b) In 2019, RC Energo Install SRL provided services to the Romcarbon SA for the operation of trafo stations based on contract 1841/29.12.2009 and additional documents 1/21.06.2016, 1/ 16.02.2018, 1/01.02.2019. The price is determined by taking into account the number of employees, the number of working hours, the hourly rate plus a part of the monthly fixed expenses. The hourly fee is based on the average salary of the specialists involved. The fees were changed in 2019 due to legislative changes in the minimum wage in construction sector, which led to a 27% increase in hourly wages. Fixed costs are the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers, and other expenses.
 - c) In 2019, RC Energo Install SRL provided services to Romcarbon SA for the operation of water pump stations on the basis of contract 1839/29.12.2009 and additional acts 1/2016 and 1/16.02.2018, 1/01.02.2019. The price is determined by taking into account the number of employees, the number of working hours, the hourly rate plus a part of the monthly fixed expenses. The hourly fee is based on the average salary of the specialists involved. The fees were changed in 2019 due to legislative changes in the minimum wage in construction sector, which led to a 27% increase in hourly wages. Fixed costs are the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers, and other expenses.
 - d) Based on contract 2298/12.08.2010 and addendum 1/03.01.2019, RC Energo Install SRL has provided services to the Romcarbon SA to measure the dispersion at grounding terminals and grounding installations at a price of 50 Lei/socket. The price is determined based on hourly rate and the time allocated per socket. The fee was changed in 2019 due to legislative changes in the minimum wage in construction sector, which led to a 27% increase in hourly wages.
 - e) Romcarbon SA purchased "big bags" from Livingjumbo Industry SA, based on orders. The price has been established based on the raw material cost, production cost and margin of the producer. The product was resold to a company outside the group.
 - f) Romcarbon SA acquired polypropylene waste from Livingjumbo Industry SA on contract J521/19.08.2016. The same tariff is used with both affiliated parties and non-affiliated parties.

- g) Based on contract 3357/17.01.2019 “regenerated polyethylene foil” and “unprinted polyethylene colored foil” was sold to Livingjumbo Industry SA. The tariff for the regenerated polyethylene foil is used with both affiliated parties and non-affiliated parties. The management informed us the “unprinted polyethylene colored foil” is only delivered to Livingjumbo Industry SA, the foil price being determined taking into account the market price (based on offers received from parties outside the group), delivery time and product quality and return time.
- h) The space was rented to Livingjumbo Industry SA under the contract 619/19.04.2010, and the monthly rent paid by Livingjumbo Industry SA is similar to the rent paid by Livingjumbo Industry SA when it was an unrelated share. In the first half of 2019, there were no changes to the contract price clauses under this contract.
- i) Based on the contract 899/04.02.2010, the polypropylene granules were sold to Livingjumbo Industry SA and the sales price is calculated based on the supplier's purchase cost (including the transport price, 16.50 EUR) plus a margin of 0.5%. Romcarbon SA practices the same rates in relation to unrelated parties.
- j) Electricity, heat, water and waste water were sold to Livingjumbo Industry SA based on the contract no. 2586/12.07.2005 at a price equal to the direct cost (supplier electricity and maintenance costs) plus the indirect cost (loss) and general expenses, without margin. The same price mechanism is used with both affiliated parties and non-affiliated parties.
- k) Heat, evacuated water, water and electricity were sold to Livingjumbo Industry SA based on contract no. 5648/24.11.2015 at a price equal to the direct cost (supplier electricity and maintenance costs) plus indirect cost (loss) and general expense without margin. The same price mechanism is used with both affiliated parties and non-affiliated parties.

Conclusion

Based on our work as described in this report, procedures 1-4, with respect to the contracts listed in Appendix 1 for the period January 1, 2019- June 30, 2019, nothing has come to our attention that causes us to believe that, in all material aspects:

- a) The contract details noted in Appendix 1 reported to ASF, do not agree with the contract.
- b) The contracting parties did not properly authorize the contract.
- c) The contract did not provide for the terms and conditions governing the contractual relationship between the related parties such as contracting parts, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- d) The price agreed between the parties was not mutually agreed based on the type of product and other terms and conditions.

Because the above-mentioned procedures do not constitute an audit or a review performed in accordance with the International Audit Standards or International standards for review engagements, we do not express any opinion regarding the Company's financial statements as result of the performed procedures. As consequence, this report refers only to the documents, financial information mentioned above and does not expend on any of the Company's financial statements as whole or in part.

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

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

Limitations on use

This report is solely for the purpose set forth in the first paragraph hereof and for your information and for the information of the BSE and the FSA and it is not to be used for any other purpose or to be distributed to any other parties without our prior written permission. Our report should not be deemed adequate for use by any party wishing to acquire rights over us, other than the Company, for any purpose or in any circumstances. Any party except the Company, which is granted access to our report or a copy hereof and chooses to rely on our report (or a part thereof), shall do so on their own account. Our engagement was undertaken so as to report to the Board of Directors and the Company's Management those aspects that we are required to report in a limited independent assurance report, and not for other purposes. Deloitte does not authorize distribution or use of this report unless a release letter in a form and content acceptable to Deloitte has been executed. This report relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

For signature, please refer to the original Romanian version.

Deloitte Audit S.R.L.
Bucharest, Romania
26 July 2019

APPENDIX 1



S.C. ROMCARBON S.A.

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



Nr.1153/30.01.2019

RAPORT CURENT conform Regulamentului A.S.F. nr.5/2018

Conform:

Regulamentului A.S.F. nr.5/2018 privind emitenții de instrumente financiare și operațiuni de piață;

Legii nr.24/2017 privind emitenții de instrumente financiare și operațiuni de piață;

Legii nr.31/1990, a societăților, republicată și cu modificări ulterioare;

Actul constitutiv al societății S.C. ROMCARBON S.A.

Data raportului: 30.01.2019

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

Numărul de telefon: 0238/723.115

Număr fax: 0238/710.697

Codul unic de înregistrare: RO 1158050

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

Capital social subscris și varsat : 26.412.209,6 lei

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

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

Situație tranzacții cu părți afiliate - realizat 2018 (Anexa 1) și estimat 2019 (Anexa 2), conform anexelor prezentului raport curent.

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

Va stăm la dispoziție cu alte informații sau documente suplimentare.

Cu deosebită stimă,
Presedintele Consiliului de Administratie
Huang Liang Neng

Director General
Andrei Radu

Tranzactii cu partile afiliate in anul 2018 (fara TVA)

Parte afiliata	Vanzari 2018	Achizitii 2018
INFO TECH SOLUTIONS S.R.L.	23,281	409,721
LIVINGJUMBO INDUSTRY SA	35,662,974	1,050,808
RC ENERGO INSTALL SRL	86,463	1,980,447
YENKI SRL	1,765	-
Total	35,774,482	3,440,976

Creante reciproce la 29.01.2019

Parte afiliata	Sold clienti	Sold Furnizori
INFO TECH SOLUTIONS S.R.L.	3,607	2,091
LIVINGJUMBO INDUSTRY SA	18,397,215	247,796
RC ENERGO INSTALL SRL	11,383	238,412
Total	18,412,204	488,299

Director General,
Andrei Radu

Director Financiar,
Zainescu Viorica

Tranzactii parti afiliate - valori estimate an 2019

Parte	Calitate contractuala	Parte contractanta	Calitate	Obiect contract	Nr. Contract	Penalitati Intarziere	Termene si modalitati de plata	Valoare estimata in 2019 [fara TVA]	Durata contract
Romcarbon SA	Locatar	Info Tech Solutions SRL	Locatar	Inchiriere spatii	1816/23.12.2009	0.15%/zi	30 ale lunii in curs	11,154 lei	01.07.2021
Romcarbon SA	Locatar	Info Tech Solutions SRL	Locatar	Inchiriere spatii	1815/23.12.2009	0.15%/zi	30 ale lunii in curs	3,497 lei	01.07.2021
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Beneficiar	Furnizare utilitati	1808/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	10,457 lei	prelungire automata 1 an
Romcarbon SA	Furnizor	Info Tech Solutions SRL	Cumparator	Vanzari stocuri/ servicii pe baza de comanda	Comanda Client Info	-	30 zile de la emiterea facturii	1,500 lei	-
Romcarbon SA	Beneficiar	Info Tech Solutions SRL	Prestator	Prestari servicii IT	4088/30.12.2013	0.05%/zi	30 zile de la primirea facturii	430,200 lei	prelungire automata 1 an
Romcarbon SA	Cumparator	Info Tech Solutions SRL	Vanzator	Diverse servicii, diverse echipamente IT pe baza de comanda	Comanda Furnizor-ITS	-	30 zile de la emiterea facturii	150,000 lei	-
Romcarbon SA	Locatar	RC Energo Install SRL	Locatar	Inchiriere spatii	1814/23.12.2009	0.15%/zi	30 ale lunii in curs	47,956 lei	01.01.2020
Romcarbon SA	Furnizor	RC Energo Install SRL	Beneficiar	Furnizare utilitati	1812/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	46,802 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii posturi trafo - Bz	1841/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	780,408 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii pompe apa	1839/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	778,296 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere instalatii gaze	1840/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	50,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Prestare servicii citire contori	1835/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	5,400 lei	prelungire automata 1 an

Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Service utilaje, instalatii, echipamente si aparate	1834/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	389,406 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare statii posturi trafo -15	1836/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	63,788 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Masuratori dispersie prize de pamant	2298/12.08.2010	0.06%/zi	15 zile de la emiterea facturii	35,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere poduri rulante si stivuitoare	2449/22.02.2018	-	15 zile de la emiterea facturii	33,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Intretinere instalatii umidificare	2959/27.09.2013	0.06%/zi	15 zile de la emiterea facturii	22,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Exploatare cazan abur	3750/16.05.2013	0.06%/zi	15 zile de la emiterea facturii	1,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Prestari servicii - service instalatii detectie	698/21.12.2013	-	30 zile de la emiterea facturii	33,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	verificare si reparatii retea hidranti	5961/24.12.2015	0.06%/zi	30 zile de la emiterea facturii	22,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Inspectii termografice	35/03.05.2016	0.06%/zi	3 zile de la emiterea facturii	15,000 lei	prelungire automata 1 an
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Canalizare industrială interioară CP7	J/3369/21.01.2019	0.1%/zi	15 zile de la primirea facturii	13,950 lei	15 zile lucratoare
Romcarbon SA	Beneficiar	RC Energo Install SRL	Prestator	Diverse lucrari pe baza de comanda si deviz	Comanda furnizor-Energo	-	30 zile de la emiterea facturii	825,000 lei	-
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Cumparator	Vanzare produse PE	3357/17.01.2019	0.15%/zi	60 zile de la livrare	3,500,000 lei	31.12.2019
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Cumparator	Vanzare granule polimeri	899/04.02.2010	0.15%/zi	45 zile de la livrare	42,802,420 lei	initial 1 an, cu prelungire automata an de an
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Fumizare utilitati	2586/1/12.07.2005	-	15 zile de la emiterea facturii	2,646,788 lei	prelungire automata 1 an

Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Furnizare utilitati	5648/24.11.2015	0.30%/zi	15 zile de la emiterea facturii	1,998,573 lei	prelungire automata 1 an
Romcarbon SA	Locatar	LivingJumbo Industry SA	Locatar	Inchiriere server	1138/29.01.2015	0.15%/zi	15 zile de la emiterea facturii	9,180 lei	prelungire automata 4 ani
Romcarbon SA	Prestator	LivingJumbo Industry SA	Beneficiar	Procesare deseuri	4999/29.09.2015	0.03%/zi	60 zile de la emiterea facturii	191,760 lei	prelungire automata 1 an
Romcarbon SA	Locatar	LivingJumbo Industry SA	Locatar	Inchiriere spatii	619/19.04.2010	0.15%/zi	Pana in data de 30 ale lunii in curs	565,796 lei	01.11.2022
Romcarbon SA	Locatar	LivingJumbo Industry SA	Locatar	Inchiriere spatii	J/913/17.01.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	206,099 lei	31.12.2026
Romcarbon SA	Locatar	LivingJumbo Industry SA	Locatar	Inchiriere spatii	J/914/17.01.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	118,226 lei	31.12.2026
Romcarbon SA	Locatar	LivingJumbo Industry SA	Locatar	Inchiriere spatii	J/1722/01.08.2017	0.15%/zi	Pana in data de 30 ale lunii in curs	100,559 lei	01.08.2027
Romcarbon SA	Vanzator	LivingJumbo Industry SA	Beneficiar	Vanzari stocuri/ servicii pe baza de comanda	Comanda Client LJI	-	30 zile de la emiterea facturii	800,000 lei	-
Romcarbon SA	Prestator	LivingJumbo Industry SA	Beneficiar	Executarea lucrari de prelucrari mecanice	6564/10.07.2015	0.05%/zi	30 zile de la emiterea facturii	50,000 lei	initial 1 an, cu prelungire automata an de an
Romcarbon SA	Cumparator	LivingJumbo Industry SA	Vanzator	Cumparari deseuri	J521/19.08.2016	-	15 zile de la emiterea facturii	400,000 lei	prelungire automata 1 an
Romcarbon SA	Cumparator	LivingJumbo Industry SA	Vanzator	Achizitii stocuri/ servicii pe baza de comanda	Comanda furnizor-LJI	-	30 zile de la emiterea facturii	800,000 lei	-
Romcarbon SA	Cumparator	Yenki S.R.L.	Vanzator	Prestari servicii pe baza de comanda	Comanda furnizor-Yenki	-	30 zile de la emiterea facturii	5,000 lei	-

Director General,
Andre Radu

Director
Financiar,
Zainescu
Viorica