

**ROMCARBON S.A.**

**INDEPENDENT ASSURANCE REPORT  
AS OF  
31 December 2017**

The Board of Directors  
Romcarbon SA  
Romania

## **Independent assurance report issued pursuant to the requirements of CNVM Regulation No.1/2006**

### Purpose of independent assurance report

Further to 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 July 1, 2017 to December 31, 2017. The Appendix 1 is the responsibility of the management of the Company ("Management").

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

The Company reported to ASF transactions that exceed and that are below 50,000 EUR concluded during the second semester of 2017 with affiliated parties.

### Procedures performed

- 1) Obtain Appendix 1, detailing the list of transactions reported for 2017, select the transactions that in H2 2017 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 these have been properly authorized by the contracting parties and to ascertain whether they provide for: the contracting parties, the contract date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- 3) Obtain an understanding, by discussing with Management, as to how the contractual relationship for the reported contracts was established.
- 4) Discuss with Management and comment on the company's internal policy with respect to transactions with its administrators, employees, shareholders that have control, as well as its related parties.

## Results of procedures

- i. We obtained Appendix 1 signed by Management and we agreed the details of the contracts pertaining to the second half of 2017 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 with regard to the period July 1, 2017 to December 31, 2017. Our procedures were applied only to the transactions/contracts that exceeded 50,000 EUR during the 2<sup>nd</sup> semester of 2017.
- ii. We obtained and reviewed the contracts and verified that these have been properly authorized by the contracting parties and verified whether they provided for the contracting parties, the contracts date and nature, the description of the purpose, the total value of the document, the mutual debts, guarantees, payment terms and deadlines.
- iii. With respect to item (3) above, Management informed us that the price agreed between the parties were established as stated in point iv below.
- iv. With respect to item (4) above, we understand, based on our discussion with Management, that the Company has adopted the following pricing policies:
  - a) With respect to the contract 619/19.04.2010 on Appendix 1, space was rented to Living Jumbo Industry SA and the monthly rent paid by Living Jumbo Industry SA is similar with the monthly rent paid by Living Jumbo Industry when it was non-affiliated party. During the second half of 2017 no price changes were included in the contract.
  - b) With respect to the contract 353 dated 22.01.2016, photopolymer clichés were sold to Living Jumbo Industry. Management advised us that the prices for photopolymer foil are established in the contract's annex, being negotiated with Living Jumbo Industry SA and are similar to the prices used in transactions with non-affiliated customers.
  - c) With respect to the contract no 899 dated 04.02.2010 (Appendix 1), Polypropylene granules were sold to Living Jumbo Industry SA and the selling price is based on the acquisition cost from the supplier (including transport cost determined based on transport fee, EUR 16.5), plus a mark-up of 0.5%.
  - d) Utilities (electricity, thermal energy, water and discharged water) are sold to Living Jumbo Industry SA under contract no 2586/1/12.07.2005 (Appendix 1) at a selling price that is equal with the direct costs (electricity from suppliers and maintenance costs), indirect costs (losses) and general expenses with no mark-up added. The same pricing mechanism is used for both affiliated and non-affiliated parties.
  - e) Utilities (electricity, thermal energy, water and discharged water) are sold to Living Jumbo Industry SA under contract no 5648/24.11.2015 (Appendix A) at a selling price that is equal with the direct costs (electricity from suppliers and maintenance costs), indirect costs (losses) and general expenses with no mark-up added. The same pricing mechanism is used for both affiliated and non-affiliated parties.
  - f) With respect to the contract no 1841/29.12.2009 (Appendix 1) services for stations and trafo stations exploitation are provided by Energo Install to Romcarbom. The price is determined based on the number of employees, number of working hours and hourly rate plus monthly fixed expenses. The hourly rate is determined based on the average salaries of specialists involved. The fixed costs represent the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers and other expenses.
  - g) With respect to the contract no 1839/29.12.2009 (Appendix 1) services for water pump stations exploitation are provided by Energo Install to Romcarbom. The price is

determined based on the number of employees, number of working hours and hourly rate plus monthly fixed expenses. The hourly rate is determined based on the average salaries of specialists involved. The fixed costs represent the equivalent of cleaning materials, inventory items, work equipment, training costs, gift vouchers and other expenses.

- h) Romcarbon made acquisitions of waste from Living Jumbo Industry under the contract no 521/19.08.2016. The prices for waste are established in the contract, based on negotiation with Living Jumbo Industry SA and are similar to the prices used in transactions with non-affiliated customers.

### 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 July 1, 2017- December 31, 2017, nothing has come to our attention that causes us to believe that:

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

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

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

<i>For signature, please refer to the original Romanian version.</i>
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Deloitte Audit S.R.L.  
Bucharest, Romania  
January 29, 2018

Appendix 1

Anexa nr.2

Tranzacții partii afiliate - valori estimate an 2017

Parte	Calitate contractuală	Parte	Calitate	Obiect contract	Nr. Contract	Penalități întârziere	Termene și modalități de plată	Valoare estimată în 2017 (fără TVA)	Durata contract	
SC Romcarbon SA	Locatar	SC Info Tech Solutions SRL	Locatar	Inchiriere spațiu	1818/23.12.2009	0.15%/zi	30 zile luni în curs	10,879 lei	prelungire automată 1 an	
	Locatar		Locatar	Inchiriere spațiu	1815/23.12.2009	0.15%/zi	30 zile luni în curs	3,348 lei	prelungire automată 1 an	
	Furnizor		Beneficiar	Furnizare utilități - energie termică	1809/23.12.2009	0.10%/zi	15 zile de la primirea facturii	2,668,69 lei	prelungire automată 1 an	
	Furnizor		Beneficiar	Furnizare utilități - energie electrică	1808/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	5,538,12 lei	prelungire automată 1 an	
	Furnizor		Beneficiar	Furnizare utilități - apă	1807/23.12.2009	0.10%/zi	15 zile de la primirea facturii	385,56 lei	prelungire automată 1 an	
	Cumpărător		Vanzator	Vanzari stocuri servicii pe baza de comanda	Comanda Client Info	-	-	30 zile de la emiterea facturii	5,000 lei	-
	Beneficiar		Prestator	Prestari servicii IT	4066/30.12.2013	0.05%/zi	30 zile de la primirea facturii	256,896 lei	prelungire automată 1 an	
	Cumpărător		Vanzator	Diverse servicii, diverse echipamente IT pe baza de comanda	Comanda Furnizor-ITS	-	-	30 zile de la emiterea facturii	305,000 lei	-
SC Romcarbon SA	Locatar	SC RC Energo Instali SRL	Locatar	Inchiriere spațiu	1814/23.12.2009	0.15%/zi	30 zile luni în curs	45,916 lei	01.01.2019	
	Furnizor		Beneficiar	Furnizare utilități-energie electrică	1812/23.12.2009	0.10%/zi	15 zile de la emiterea facturii	14,403,25 lei	prelungire automată 1 an	
	Furnizor		Beneficiar	Furnizare utilități - apă	1811/23.12.2009	0.10%/zi	15 zile de la primirea facturii	9,636,88 lei	prelungire automată 1 an	
	Furnizor		Beneficiar	Furnizare utilități - energie termică	1810/23.12.2009	0.10%/zi	15 zile de la primirea facturii	25,272,45 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Exploatare stati posturi traho - Bz	1841/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	589,439 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Exploatare stati pompe apa	1838/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	587,011 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Intretinere instalati gaze	1840/29.12.2009	0.06%/zi	15 zile de la emiterea facturii	43,028 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Prestare servicii cablu contori	1835/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	3,781 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Servicii usișaje, instalati, echipamente si aparate	1834/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	382,722 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Exploatare stati posturi traho -IS	1830/24.12.2009	0.06%/zi	15 zile de la emiterea facturii	43,470 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Masuratori dispensie prize de pamant	2258/12.08.2010	0.06%/zi	15 zile de la emiterea facturii	25,000 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Intretinere poduri rulante si stivuitoare	3365/31.10.2013	-	15 zile de la emiterea facturii	30,000 lei	prelungire automată 1 an	
	Beneficiar		Prestator	verificare tehnica periodica a instalatiilor de incalzire cu gaze	20/23.02.2016	0.06%/zi	-	4,000 lei	inital 2 ani, cu prelungire automată an de an	
	Beneficiar		Prestator	Intretinere instalati umidificare	2858/27.09.2013	0.06%/zi	15 zile de la emiterea facturii	20,000 lei	prelungire automată 1 an	
	Beneficiar		Prestator	Exploatare cazan abur	3758/16.05.2013	0.06%/zi	15 zile de la emiterea facturii	3,000 lei	prelungire automată 1 an	
Beneficiar	Prestator	Prestari servicii - servicii instalati detectie	4086/27.12.2013	-	30 zile de la emiterea facturii	23,000 lei	prelungire automată 1 an			
Beneficiar	Prestator	verificare si reparatii rețea hidranti	5961/24.12.2015	0.06%/zi	30 zile de la emiterea facturii	30,000 lei	prelungire automată 1 an			
Beneficiar	Prestator	Inspectii termografice	3503/05.2016	0.06%/zi	3 zile de la emiterea facturii	20,000 lei	prelungire automată 1 an			
Beneficiar	Prestator	Diverse lucrari pe baza de comanda si deviz	Comanda furnizor-Energo	-	-	30 zile de la emiterea facturii	1,500,000 lei	-		
SC Romcarbon SA	Vanzator	S.C. LivingJumbo Industry SA	Cumpărător	Vanzare produse PE	353/22.01.2016	0.15%/zi	60 zile de la livrare	4,800,000 lei	inital 1 an, cu prelungire automată an de an	
	Vanzator		Cumpărător	Vanzare granule PP	896/04.02.2010	0.15%/zi	45 zile de la livrare	24,000,000 lei	inital 1 an, cu prelungire automată an de an	
	Vanzator		Beneficiar	Furnizare utilități-energie electrică	2566/1/12.07.2006	-	15 zile de la emiterea facturii	1,545,223 lei	prelungire automată 1 an	
	Vanzator		Beneficiar	Furnizare utilități - apă	2566/2/12.07.2006	-	10 zile de la primirea facturii	67,065,98 lei	prelungire automată 1 an	
	Vanzator		Beneficiar	Furnizare utilități- energie termică	2566/3/12.07.2006	0.30%/zi	5 zile de la primirea facturii	72,529,81 lei	prelungire automată 1 an	
	Vanzator		Beneficiar	Furnizare utilități- energie termică	5646/24.11.2015	0.30%/zi	15 zile de la emiterea facturii	616,653,00 lei	prelungire automată 1 an	
	Locatar		Locatar	Inchiriere server	1138/29.01.2015	0.15%/zi	15 zile de la emiterea facturii	9,150 lei	prelungire automată 1 an	
	Prestator		Beneficiar	Procesare deseuri	4989/29.08.2015	0.03%/zi	60 zile de la emiterea facturii	125,000 lei	29/09/2016 cu posibilitatea prelungirii pe o perioada de 12 luni	
	Locatar		Locatar	Inchiriere spațiu	616/19.04.2010	0.15%/zi	Pana in data de 30 zile luni in curs	541,721 lei	01.11.2022	
	Locatar		Locatar	Inchiriere spațiu	J9/13/17.01.2017	0.15%/zi	Pana in data de 30 zile luni in curs	197,113 lei	31.12.2026	
Locatar	Locatar	Inchiriere spațiu	J9/14/17.01.2017	0.15%/zi	Pana in data de 30 zile luni in curs	113,195 lei	31.12.2026			
Vanzator/Prestator	Vanzare deseuri	1137/29.04.2013	0.15%/zi	60 zile de la emiterea facturii	400,000 lei	29/04/2015; cu prelungire la scadena				

	Cumparator/Beneficiar		Beneficiar	Executarea lucrării de precurări mecanice	6564/10.07.2015	0.05%/zi	30 zile de la emiterea facturii	8.400 lei	inițial 1 an, cu prelungire automată an de an	
			Vanzator/Prestator	Cumpărări de stocuri de materiale, marfuri și servicii pe bază de comandă	comandă furnizor-LJI	-	30 zile de la emiterea facturii	1.400.000 lei	-	
SC Romcarbon SA	Vanzator	SC Yankei SRL	Cumparator	Furnizare energie electrica	2174/02.08.2010	0.30%/zi	5 zile de la emiterea facturii	1.698.11 lei	prelungire automată 1 an	
	Vanzator		Cumparator	Furnizare apă	2615/30.09.2010	0.10%/zi	15 zile de la primirea facturii	789,01 lei	prelungire automată 1 an	
	Cumparator/Beneficiar		Vanzator/Prestator	Prestari servicii pe baza de comanda	Comanda furnizor-Yankei	-	-	30 zile de la emiterea facturii	1.000 lei	-
SC Romcarbon SA	Locatar	Green Resources Management SRL	Locatar	Inchiriere spatiu	582/26.09.2016	0.15%/zi	Pana in data de 30 ale lunii in curs	4.090 lei	26.09.2018	

Director General,  
Andrei Radu

Director Financiar,  
Zainescu Viorica Ioana