

Registration no:1069/31.01.2017

To the shareholders of Oltchim S.A- in judicial reorganization,

Financially independent auditor's report in accordance with FSA Regulation no.1/2006

Following your request, we have performed procedures listed below regarding the contracts concluded by Oltchim S.A. – in judicial reorganization (the "Company") with administrators, employees, significant shareholders, as well as their affiliated entities, and reported in accordance with Article 225 of Law no. 297/2004, regarding the period 1 July 2016- 31 December 2016 according to Annex 1. Responsibility for preparing such Annexes belong to the management of the Company (hereinafter "Management").

Our mission was conducted in accordance with International Standard on Assurance Engagements ("ISAE") 3000 „Assurance Engagements Other than Audits or Reviews of Historical Financial Information". According to this standard, we perform our procedures in order to obtain limited assurance on the objectives of the specific procedures listed below. Given that these limited procedures are not considered an audit or review of financial statements or any parts thereof, given the inherent limitations of these procedures, we express no audit opinion or limited review on them.

The company reported to the Financial Supervisory Authority ("FSA") a single legal act concluded in the second half of 2016 with affiliates and that was worth more than 50,000 Euro.

Procedures performed

1. Obtaining of Annex 1, comprising the list of transactions reported by the Company for the second quarter of 2016 and approval of the details related to the contracts in Annex 1 with provisions of the contracts themselves.
2. Obtaining and reviewing of contracts of the second half of 2016, to check whether they were duly authorized by the Contracting Parties and verification that the details included in the report correspond in all material respects with the information included in the contract in terms of: conclusion date and the nature of the act, description of the object, the total value of the legal act, mutual claims, guarantees, payment terms and deadlines.
3. Getting a proper understanding through discussions with management on how the prices are settled for the contracts reported.
4. Discussions with the management of the Company and the review of Company's internal policies regarding transactions with administrators, employees, significant shareholders, as well as their affiliated entities
5. To the extent that there is a market price for goods or services provided to the Company by the administrators, staff and its significant shareholders and persons affiliated with them, we discussed with the management of the Company how these prices have been settled and if, from case to case, the agreed prices correspond to those used by other parties (third parties) for similar goods or services. If market prices are not available, we examined whether these transactions are based on contracts approved and signed.

Our procedures were applied to the contract included in Annenx 1. There have been no procedure to verify whether this list includes all transactions that the Company shall report according to Article 225 of Law no. 297/2004, for the period July 1, 2016 - December 31, 2016.

Conclusions

Based on the procedures performed by us and described in this report regarding contracts which are summarized in Annex 1 for the period 1 July 2016-31 December 2016 we have not identified anything that would make us believe that:

- a) Contract details reported to FSA, contained in Annex 1, are not in accordance with the contracts analyzed.
- b) Contracts were not duly authorized by the Contracting Parties.
- c) The contracts do not contain provisions on the terms and conditions governing the contractual relations between related parties, such as: the parties which concluded the legal document, conclusion date and nature of the act, description of its subject, the total value of the legal act, mutual claims, guarantees, payment terms and deadlines.
- d) The terms and conditions of the transactions included in contracts reported by the Company, conducted with administrators, staff and its significant shareholders and persons related to them were not established based on the Company's internal policies applicable to these types of transactions.
- e) The prices agreed between the parties were not mutually agreed based on the type of product / service and other terms and conditions specified in the contracts between the parties.

Because the above procedures do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any opinion on any financial statements of the Company as a result of performing this procedure. Accordingly, this report relates only to documents, financial information listed above and does not extend to any financial statements of the Company, in whole or any part thereof.

Where we would performed additional procedures or if we would performed an audit or review of financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, it is possible to have further findings we would have reported. Our work is limited to procedures performed on the information presented. Procedures and findings of this report should be considered in the context of the purpose for which these procedures are performed and therefore should not be considered as the sole basis for forming conclusions.

This present report is addressed to the Company's management and shareholders. Our report has exclusively the scope presented in the paragraphs above and is not intended to be used by other persons than those that agreed the procedures to be performed and understand their sufficiency for their purposes. To the maximum extent permitted by law, we do not accept and we assume responsibility for any party other than the company, for our work or findings reported. This report has been issued solely for the purpose presented in the first section of this report and can not be used or distributed for any other purposes or used as reference by any other external party except for internal purposes of the Company and submission to Financial Supervisory Authority and the Bucharest Stock Exchange.

PKF Finconta S.R.L.

Bucharest, Romania

28 January 2017



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 Cod unic de înregistrare: RO 1475261

In reorganizare judiciara
 In judicial reorganisation
 En redressement

ANNEX 1

To,

**Bucharest Stock Exchange
 Financial Supervisory Authority
 Financial Instruments and Investments Sector**

Current report according to art.225 of Law 297/2004 and N.S.C Regulation no.1/2006

Date of report: July 22, 2016

Name of the company: Oltchim S.A. Rm. Vâlcea

Fax number: 0250/735030/736188

Phone number: 0250/701200

Unique Registration Code:RO1475261

Trade Register Number: J38/219/1991

Subscribed and paid up capital: 34.321.138,30 lei

Regulated market where the issued securities are traded: BSE, Standard Category,market symbol OLT

Event to be reported:

Transactions of the type those mentioned in art.225 of Law 297/2004

Oltchim SA reports the conclusion of the following agreement with **Sistemplast SA Rm.Valcea**, where Oltchim holds 94,4% of the share capital:

Number and date of agreement	DA 16207 / 26711 / 01.07.2016
Nature of agreement	Rendering services
Term of agreement	01.07.2016-30.06.2017
Scope of agreement	<ul style="list-style-type: none"> • maintenance and repair of static equipment, railroad tanks, bleeders, fixtures, technological pipes and reconstruction of thermal insulation; • maintenance and repair of dynamic equipment; • maintenance of electrical measuring equipment and of climate control systems; • maintenance, technical inspection and repair of hoisting machines – cranes, elevating equipment, elevators for special hoisting machines, passenger elevators, goods elevators.

Value, without VAT	<p>The hourly rates for services rendered are stipulated in the contract depending on works type (planned or emergency works), respectively:</p> <p>Rate 1– 23,50 lei/hour without VAT, normal hourly rate for planned works executed during normal working hours;</p> <p>Rate 2 – 26,00 lei/ hour without VAT, hourly rate for emergency (not planned) works beyond the normal working hours (including Saturday, Sunday and public holidays);</p> <p>Oltchim SA estimates the contract value will be over 50.000 Euro.</p>
Guarantees	<p>5% of the value of each invoice will be retained as performance bond, and it will be released at the end of the warranty period provided that all contract provisions have been observed by the service provider</p>
Penalties	<p>0,01%/day of delay of the value of the non-executed or delayed or improperly executed obligation. The total amount of penalty will not exceed the outstanding debt.</p>
Terms and methods of payment	<p>payment order or settlement, within 30 days after receiving the invoice</p>
Mutual receivables on June 30,2016	<p>Oltchim SA owes to Sistemplast SA the amount of 651.658,89 lei Oltchim receivable from Sistemplast SA amounts to 1.951,00 lei</p>

**Legal Administrator,
ROMINSOLV SPRL**

**Special Administrator,
Bogdan Stănescu**

**Legal Administrator,
BDO BUSINESS RESTRUCTURING SPRL**

**Deputy General Manager,
Victor Avram**

**Economic Manager,
Alin Smeu**