### **ROMCARBON S.A.**

## INDEPENDENT ASSURANCE REPORT AS OF 30 June 2017

# Deloitte.

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 225 of Law no. 297/2004 with regard to the period January 1, 2017 to March 31, 2017 and article 82 of Law no.24/2017 with regard to the period April 1, 2017 to June 30, 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 first 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 H1 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.

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#### Results of procedures

- i. We obtained Appendix 1 signed by Management and we agreed the details of the contracts pertaining to the first 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 art. 225 of Law 297/2004 for the period January 1, 2017 March 31, 2017 and article 82 of Law no.24/2017 with regard to the period April 1, 2017 to June 30, 2017. Our procedures were applied only to the transactions/contracts that exceeded 50,000 EUR during the 1st 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.
- 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 first 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 markup of 0.5%.
  - d) Electricity is 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 markup added. The same pricing mechanism is used for both affiliated and non-affiliated parties.
  - e) 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.
  - f) 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.
  - g) Romcarbon made acquisitions for restauration of equipment form Energo Install based on orders the selling price is based on the estimation issued by Energo Install. The estimate comprises materials used, the number of hours worked multiplied with the hourly rate (RON 60/hour) plus the travel expenses.

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### 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, 2017- June 30, 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).

For signature, please refer to the original Romanian version.

Deloitte Audit S.R.L. Bucharest, Romania July 27, 2017



### S.C. ROMCARBON S.A.

Bugliu – Romania Fransissi, COD PISCAL 1152050 125012 Buns, St. Transissaki, m. 132 Tol.: 9238/711.255; Fam 0238/710 697 Internot www.https/fam.com



Nr.193/30.01.2017

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

Data raportului:30.01.2017

Denumirea entității emitente; S.C. ROMCARBON S.A.ediul social: Buzău, str. Transilvaniei nr.

132, judetul Buzău

Numărul de telefon: 0238/723.115

Numär fax:0238/710.697

Codul unic de înregistrare: RO 1158050

Numër de ordine în Registrul Comertului: J 10/83/1991 Capital social subscris si varsat : 26.412.209,6 îel

Plața reglementată pe care se tranzacționează valorile mobiliare emise; BVB Categoria

Standard

Evenimente de raportat: Notificare tranzacia - conform art. 225 din Lagoa 297/2004

Situație tranzacții cu părți afiliate- realizat 2016 (Anexa 1) și estimat 2017 (Anexa 2), conform enexelor prezentului raport curent.

Mentionam ca acteio juridice prezentate au fost incheiate cu respoctarea intereselor societatil in raport ou ofertale de aceleai tip existente pe piate.

Va stăm la dispoziție cu alte informații sau documente suplimentare.

Cu deosabită stimă,

Presedintele Consiliului de Administratle

Hung Ching Ling

Director General Andrei Rudu

Алека пт.1

Tranzactii cu partile afiliate in anul 2016

Denumine accientee	Vancani 2016(fam Ac TVA)	chiprid 2016 (face TVA)
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INFO TECH SOLUTION SRL BUZAU	22.507	475.256
LIVINGIUMBO INDUSTRY SA	25.167.343	1.353.087
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RC ENERGO INSTALL SRL BUZAU	C9C 10	2022 990
YENKI SRL BUZAU	2 261	0
Total	25.448.628	5.023.447

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INFO TECH SOLUTION SRL BUZAU	2,570	71.863
LIVINGJUMBO INDUSTRY SA	6.311.200	109 323
RC ENERGO INSTALL SRL BUZAU	9.965	176 719
YENKI SILL BUZAU	2	0
Total	6.323.756	507.904

Director General, Andrei Rady

Director Financiar,
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