INDEPENDENT AUDITOR’S REPORT

For the shareholders of,

BERMAS S.A.

Report on the audit of financial statements

Opinion

1. We have audited the attached Separate Financial Statements of BERMAS S.A. (the "Company"), based in Şcheia locality, str. Humorului nr. 61, Suceava county, identified by the tax identification number 723636, which includes the Statement of financial position as at 31 December 2017, the Statement of comprehensive income, the Statement of changes in equity, the cash flow statement for the year then ended on that date and the notes to the financial statements, including a summary of the material accounting policies.

2. The Separate financial statements as at 31 December 2017 are identified as follows:
   - Equity: 23,930,878 lei
   - Overall result for the period – net profit: 1,758,623 lei

3. In our opinion, the accompanying Separate financial statements provide a true and fair image of the Company's financial position as at 31 December 2017 and of its financial performance and cash flows for the year then ended on that date in accordance with OMFP no. 2844/2016 for the approval of the Accounting Regulations in line with the International Accounting Standards (IFRS), as subsequently amended.

Basis for opinion

4. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), the EU Regulation No. 537 of the European Parliament and the European Council ("the Regulation") and the Law No. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the section Auditor's Responsibilities in auditing the financial statements in our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements relevant for the audit of financial statements in Romania, including the Regulations and the Law, and we have fulfilled all other ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit aspects

5. Key audit aspects are those aspects that, based on our professional reasoning, had the greatest importance in conducting the audit of the separate financial statements of the current financial year. These aspects have been addressed in the context of our audit of the separate financial statements in their entirety and in forming an opinion on them and we do not issue a separate opinion on these key aspects.
### Key audit aspects

*Fair presentation of income: accounting treatment, identification, assessment, recognition.*

We have identified the income recognition as a key aspect because it represents one of the Company's key performance indicators. The Company's income, amounted to 32,670,563 lei, provided the major source of economic benefits during the audited accounting period and directly influenced the achievement of the Company's goal and of most of the specific objectives and expectations. The income recognition policy is presented in note 3 "Material accounting policies" and the statement of income in comparable figures is presented in the statement of comprehensive income and in the explanatory notes 17 and 18.

### Audit key issues

*Inventory existence and assessment.*

According to the aspects presented in note 8 "Inventories", the total inventories are amounted to 13,935,753 RON and represent an important percentage (49%) of the total assets of the company. They are dimensioned to ensure the continuity of the production process, which results in constant revenues through marketing of products. Inventories are assessed at the minimum cost and net realizable value. The inventory assessment is based on their nature: production in process, raw materials and consumables, finished products and goods. The inventory recognition and assessment policy is presented in note 3 „Material accounting policies”.

### Other information – Directors’ report

6. Directors are responsible for preparing and presenting other information. That other information includes the Directors' Report but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.
With regard to the audit of the financial statements for the year ended on 31 December 2017, it is our responsibility to read that information and, in this context, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have obtained during the audit, or if they appear to be materially distorted.

As far as the Directors' report is concerned, we have read and reported that it was prepared in all material aspects in accordance with the requirements of Chapter 3 of O.M.F.P no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards.

Based solely on the activities carried out during the audit of the financial statements, in my opinion:

a) The information presented in the Directors' Report for the financial year for which the financial statements were prepared is consistent, in all material aspects, with the financial statements as at 31 December 2017;
b) The Director's report was prepared, in all material aspects, according to O.M.F.P no. 2844/2016, Chapter 3, point 15-19.

In addition, based on our knowledge and understanding of the Company and its environment acquired in the course of our audit of the financial statements for the year ended on 31 December 2017, we are required to report whether we have identified material misstatements in the Directors' report. We have nothing to report on this issue.

**Responsibilities of the management and of the persons in charge with the governance for the separate financial statements**

7. The management of the company is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and with the OMFP no. 2844/2016 of 12 December 2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards and for such internal control as management considers necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

8. In preparing the separate financial statements, the management is responsible for assessing the Company's ability to continue its operation, showing, where appropriate, aspects referring to the business continuity and using the accounts based on the business continuity, unless the management either intends to liquidate the company or to stop its operations, or has no other realistic alternative besides thereof.

9. The persons in charge with the governance are responsible for the surveillance of the financial reporting process of the Company.

**Auditor's responsibilities in auditing separate financial statements**

10. Our objectives are to obtain reasonable assurance on whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as issuing an auditor's report which includes our opinion. Reasonable assurance represents a high level of assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any.

11. As part of an audit in accordance with ISAs, we express a professional judgment and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, either due to fraud or error, we design and execute audit procedures in response to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, false statements and avoidance of internal control.
• We understand internal control relevant to the audit, in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
• We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and of related disclosures made by the management.
• We draw a conclusion on the appropriateness of the use by management of accounts based on the business continuity principles and we determine, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may cast material doubt on the ability of company to continue its business. If we conclude that a material uncertainty exists, we should draw the attention in the auditor's report on the corresponding disclosures in financial statement or, if these disclosures are inadequate, to change our opinion. Our conclusions are based on the audit evidence obtained until the date of the auditor's report. However, future events or conditions may determine the Company not to carry on its business based on the continuity principle.
• We assess the presentation, structure and general content of the separate financial statements, including disclosure of information, and whether the individual financial statements reflect basic transactions and events in a fair manner.

12. We communicate to those responsible for governance, among other things, the planned scope and timing of the audit and the main audit findings, including any material deficiencies in internal control that we identified during the audit.

13. We also provide to those responsible for governance a statement that we have complied with ethical requirements relevant in terms of independence and that we have communicated all relationships and other matters which we reasonably might assume that affect our independence and where appropriate, the corresponding protective measures.

14. Among the aspects communicated to those in charged with the governance we determine which ones are the most important for the audit of financial statements of the current period and therefore which ones represent key audit aspects. We describe these aspects in the auditor's report, unless laws or regulations prohibit public disclosure of the aspect or of the case in which, in extremely rare circumstances, we believe that should not be communicated in our report since they are reasonably envisaged that the public interest overcomes the negative consequences of this communication.

Report on other legal and regulation provisions

15. We were appointed by the General Meeting of Shareholders on 07.04.2016 to audit the financial statements of BERMAS SA for the financial year ended 31 December 2017. The total uninterrupted duration of our commitment is 4 years, covering the financial years ended 31 December 2016 until 31.12.2019.

We confirm that we have not provided for the Company forbidden non-audited services referred to in Article 5 (1) of EU Regulation no. 537/2014.

On behalf of
S.C. CODEXPERT OFFICE S.R.L.
Suceava, Str. Mihai Eminescu nr. 10, Tr. A, sc.B, ap.9

Member of the Chamber of Financial Auditors of Romania
Permit no. 126/2001
Auditor
Codau Stelian

Registered with the Chamber of Financial Auditors of Romania
Certificate no. 798/2001

Suceava, 15 February 2018