

INDEPENDENT AUDITORS' REPORT

To the Shareholders of TMK-ARTROM S.A.

1. We have audited the accompanying financial statements of TMK-ARTROM S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the financial statements give a true and fair view of the financial position of TMK-ARTROM S.A. as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1286/2012, approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Reporting requirements in regards to the Administrators' Report

The Administrators are responsible for the preparation and presentation of the Administrators' Report that is free from material misstatement, in accordance with the requirements of the Ministry of Public Finance Order no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1 points 10 - 14, and for such internal control as Administrator's determine is necessary to enable the preparation and presentation of the Administrators' Report that is free from material misstatement, whether due to fraud or error.

The Administrators' Report presented from page 1 to 41 is not part of the financial statements. Our opinion on the financial statements as at 31 December 2015 does not cover the Administrators' Report.

In connection with our audit of the financial statements as at 31 December 2015 we have read the Administrators' Report and report that:

- a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2015;
- b) the Administrators' Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1 points 10 - 14;

c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at 31 December 2015, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

On behalf of

Registered with the Chamber of Financial Auditors in
Romania

Nr. 77/15 August 2001



Sebastian Mocanu



Registered with the Chamber of Financial Auditors in
Romania

Bucharest, Romania

No. 1603 / 16 August 2005

26 April 2016