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THE INDEPENDENT AUDITOR'S REPORT

TO S.C. TMK-ARTROM S.A. SHAREHOLDERS

Report on financial statements

1. We have audited the accompanying financial statements of S.C. TMK-ARTROM S.A., which include:

- The Balance Sheet as of 31 December 2009
- The Income Statement as of 31 December 2009
- The Statement of Changes in Equity as of 31 December 2009
- The Cash-Flow Statement for the year ended
- The Explanatory Notes

The financial statements refer to:

- Total equity: 311.136.109 lei
- The net income of the financial year ended: - 33.336.468 lei

Management's responsibility for the financial statements

2. The Company's Management is responsible for preparation and fair presentation of these financial statements in accordance with the Order of the Public Finance Ministry no. 1752/2005 updated with the subsequent changes and with the accounting policies presented in the notes to these financial statements. This responsibility includes: designing, implementing and maintaining a relevant internal control for the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's 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 audit standards adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with relevant ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.



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4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's professional 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design the 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 principles 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 opinion.

6. This report is drawn up exclusively in order to be deposed to the fiscal authorities of the state. Our audit was conducted in order to report to the Shareholders of the Company those issues that we must report in conducting a financial audit, and not for other purposes. As long as it is permitted by the law, we do not accept and do not take our responsibility towards other party than the Company and its Shareholders on the whole, for our report, for this report or for our opinion expressed.

7. The accompanying financial statements are not intended to present the financial position, the result of the operations and a complete set of notes to the financial statements in accordance with standards and accounting policies accepted in other countries and jurisdictions than Romania. For this reason, the accompanying financial statements are not prepared for the use of individuals which are not familiar with the accounting and legal standards from Romania, including the Order of the Public Finance Ministry no.1752/2005 updated with the subsequent changes.

Report on conformity of the Administrators' Report with financial statements

8. In accordance with Order of the Public Finance Ministry no.1752/2005, article 263, point 2, we have read the accompanying Administrators' Report for the financial year 2009.

The Administrators' Report is not a part of the financial statements.

The Administrator's Report contains a fair presentation of the developing and performance of the Company's activity and its financial position, together with a describing of the main risks and incertitude which the Company may confront.



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In the Administrator's Report we have not identified disclosures which could be significantly different from the disclosures presented in the accompanying financial statements for the financial year 2009.

Going concern

9. Expressing our opinion without reserves, we draw to your attention the following issues:
- a) The net turnover for the year ended 31 December 2010 is significantly decreasing from 2008, being achieved to 65%, and the net income of the financial year ended shows a loss in amount of 33.336.468 lei.
- In the circumstances, the continuing of the Company's activity depends of increasing production volume sold, the improving its operational performance and the financial shareholder's support.
- b) As presented in Note no. 12 "Transactions with affiliated and related persons" to the financial statements as of 31 December 2009, the most of the Company's sells and a significant proportion of its purchases are realized in relation with other companies being under the common control with the Company. Also a significant proportion of the company's debts and liabilities proceed from transactions with affiliated persons. In this situation, the continuing of the activity is conditioned by the continuing of these relations.

10. **In our opinion**, the financial statements present fairly, in all significant respects, the financial position as of 31 December 2009 and the operating income, as well as the cash flow for the year ended, in accordance with the Order of the Public Finance Ministry no. 1752/2005 updated with all subsequent changes, and with the accounting policies presented in the notes to these financial statements.

SLATINA
12.04.2010

S.C. EVCON EXPERT AUDIT S.R.L.
Registered at the Financial Auditors Chamber from Romania
with no. 425/08.09.2003

