

Report of the financial auditor

To the shareholders of S.C. TMK Artrom SA

Report on the financial statements

- 1 We have audited the accompanying financial statements of S.C. TMK Artrom SA ("the Company"), which comprise the balance sheet as at 31 December 2012, and 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 notes.

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 determined is necessary to enable the preparation 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 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 qualified audit opinion.

Basis for qualified opinion

Limitation on the scope of the auditor's work

- 6 We were appointed as auditors of the Company during 2011 and thus we did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2010. Since opening inventories enter into the determination of the financial performance and cash flows for the year ended 31 December 2011, we were unable to determine whether adjustments were necessary in respect of the profit for the comparative year reported in the income statement and the net cash flows from operating activities reported in the cash flow statement. Our audit opinion on the financial statements for the year ended 31 December 2011 was qualified accordingly.

Qualified opinion

- 7 In our opinion, except for the possible effect on the comparative information of the matter described in paragraph 6, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012, 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.

Other matter

- 8 The financial statements of the Company for the year ended 31 December 2010 (date of transition to IFRS) were audited by another auditor who expressed an unmodified opinion on those statements on 11 April 2011.

Report on other legal and regulatory requirements

In accordance with the Order of the Minister of Public Finance no. 1286/2012, article no. 16 point c) from Chapter II, we have read the Directors' Report. The Directors' Report is not a part of the financial statements. In the Directors' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2012.

On behalf of

Ernst & Young Assurance Services SRL
Registered with the Chamber of Financial Auditors in Romania
No. 77/15 August 2001

The logo for Ernst & Young, featuring a stylized 'EY' symbol followed by the text 'ERNST & YOUNG' in a bold, sans-serif font.

05 APR 2013

Initialed for identification
Semnat pentru identificare

E&Y

Name of signing person: Martin Evry
Registered with the Chamber of Financial Auditors in Romania
No. 2700/18 November 2008

Bucharest, Romania
05 April 2013