

Independent Assurance Report by the Independent Financial Auditor in accordance with CNVM Regulation no. 1/2006 on Reporting Schedules prepared to comply with Law 297/2004 (Article 225)

To the Board of Administration of SC TMK ARTROM S.A.

We have performed certain procedures in accordance with Regulation no. 1/2006 on the attached Reporting Schedules Report 102/317 from 29/09/2014, Report 102/352 from 07/11/2014 and Report 102/388 from 17/12/2014, („the Reporting Schedules”) that have been prepared by TMK ARTROM S.A. (the “Company”) to comply with the requirements of Law 297/2004 (Article 225) and report to the Romanian Financial Supervisory Authority (“ASF”) for the period from 1 July 2014 to 31 December 2014. The Reporting Schedules are prepared by the Company based on legal documents signed by the Company with its administrators, employees and significant shareholders as well as with the persons related to them as indicated as a reporting requirement in article 225 of Law 297/2004 for the period 1 July 2014 to 31 December 2014.

The Reporting Schedules are the responsibility of the Company’s management.

Our procedures have been performed exclusively on the Reporting Schedules mentioned above for the period 1 July 2014 to 31 December 2014.

Our work was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, as adopted by the Chamber of Financial Auditors in Romania in Romanian text translation. In accordance with this standard, we have performed procedures as indicated below to enable us to reach a conclusion. Taking into consideration that the procedures performed are not considered as being an audit or a review of the financial statements prepared by the Company or of any part of these, we do not offer any audit opinion or limited review opinion thereon.

In relation to the Reporting Schedules of the Company we have performed the following procedures:

- 1) We have obtained the Reporting Schedules from the Company and agreed that the signatures on the Reporting Schedules are those of relevant representatives of the Company and we have undertaken a comparison of the details required to be included in the Reporting Schedules as indicated in Law 297/2004 (Article 225) to the information actually included by the Company.
- 2) For the individual contracts analyzed, as defined in this report, we have determined whether the content of the Reporting Schedules is consistent, in all material respects, with information in signed contracts and agreements presented to us and whether the presented documents have been signed by representatives of the Company that are indicated in the authorized signature schedule provided to us by the Company. As applicable, our procedures have compared Reporting Schedules to the contract and agreement documentation for consistency of details on: the parties which signed the

legal document; the date when documentation was signed and the nature of the documentation; the description of the scope of goods/services as indicated in the documentation; the total value of the contract/agreement documentation, and, as applicable, related contractual terms and conditions.

- 3) We have compared details disclosed in the Reporting Schedules for consistency with the information provided to us from discussion with management and to the extent indicated in contract/agreement documentation, in relation to the basis and nature of the contract/agreement entered into by the parties.
- 4) From discussions with the management and from perusal of Company policies and procedures provided to us, we have considered the consistency of the transactions performed with administrators, employees and significant shareholders, as well as with persons related to them with the Company's policies and procedures.
- 5) To the extent that there is a market price for the goods or services provided by administrators, employees and significant shareholders, as well as with persons related to them, we have discussed the basis for the price agreement and considered if, to the extent applicable, the prices agreed are consistent with that used for third (other) parties, where similar goods or services could be provided. To the extent that no market prices are available, we have analyzed if the transactions have been performed based on the signed and approved contracts.

Our procedures have been performed only on the contracts included in the attached Reporting Schedules, that have been concluded / modified in the period 1 July 2014 to 31 December 2014 and that have a realized value/estimated value above 50,000 Euro. We have not performed any procedures to verify whether the Reporting Schedules include all the transactions and details that the Company has to report according to article 225 from Law no. 297/2004 for the reporting period.

Conclusion

In respect of point 2 above, we have identified the following:

- a) In Report 102/388 from 17/12/2014 is presented addendum 6 to the contract number 868/13.06.2011 concluded between TMK Artrom S.A. and TMK Italia SRL instead of addendum 6 to the contract number 868/13.09.2011.
- b) In Report 102/317 from 29/09/2014 is presented addendum 1 to the contract number 14-5001 ART changing the delivery condition from CPT Slatina, Romania to FCA Hattingen, Germania. The report does not state that the addendum changes the delivery condition only for Lot 4 from the contract 14-5001 ART.

On the basis of the procedures we have performed, as described above, regarding the legal documents which are included in the Reporting Schedules, except for the matters presented in the paragraph above, nothing came to our attention that would cause us to believe that:

- c) The details as indicated in the Reporting Schedules are not in accordance with the related contracts/agreements presented to us.

- d) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation.
- e) The related contracts/agreements provided to us were not properly authorized by representatives of the Company.
- f) The prices have not been established by mutual agreement between the parties in accordance with the type of goods/services and also by considering other terms and conditions mentioned in the respective contracts/agreements.
- g) The terms and conditions under which transactions have been completed with administrators, employees, significant shareholders, as well as with the persons related to them, are not established on the basis of the Company's internal policies regarding these matters.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

This report relates only to the Reporting Schedules as mentioned above and does not extend to any other reports of the Company, individually or taken as a whole.

On behalf of,

Ernst & Young Assurance Services SRL



Sebastian Mocanu

Partner

29 January 2015

Bucharest, Romania