



**TMK-ARTROM S.A.**

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J 28/9/1991; VAT No. RO 1510210/1992

Subscribed and Paid Share Capital: 291.587.538,34 lei

## REPORT OF ADMINISTRATION

at 30 June 2016, prepared in accordance with Order MFP 881 and 1286/2012 on accounting regulations in accordance with International Financial reporting Standards, Law no. 297/2004 regarding the capital market and NSC Regulation no. 1/2006

**Half-yearly report according to Regulation no. 1/2006 (NSC)**

**Reporting date: 30.06.2016**

**Date of report: 11.08.2016**

**Company's name: TMK-ARTROM S.A.**

**Headquarter: Draganesti street, no 30, Slatina, Olt County**

**Phone number /fax 0249434640; 0249434330**

**Unique registration Code to Trade Register: 1510210**

**Registration number at the Trade Register: J 28/9/1991**

**Share capital subscribed and paid: 291.587.538,34 lei**

**Regulated market where the issued securities are transacted: Bucharest Stock Exchange - STANDARD Category (market symbol ART)**

### 1. Economic and financial situation

Presentation of an analysis of the current financial and economic situation compared to the same period of last year, with reference to at least:

- a) balance sheet elements: assets which represent at least 10% from total assets; cash and other liquid availabilities; reinvested earnings; total current assets; total current liabilities;
- b) profit and loss account: net sales; gross gains; costs elements and expenses with a percentage of at least 20% in net sales or in gross gains; risk provisions and for other losses; refers to any sale or stop of a segment of activity made in last 6 months or which will be made in next 6 months; states and paid dividends;
- c) cash flow: all changes of cash from operating activity, investments and financial activity, at the cash at the beginning and at the end of period.

**a) balance sheet elements: assets which represent at least 10% from total assets; cash and other liquid availabilities; reinvested earnings; total current assets; total current liabilities;**

In comparison with first semester of year 2015 property, plant and equipment decreased from 458.288.636 lei to 455.446.169 lei, as a result of calculating depreciation in second semester of 2015 and in first semester of 2016, amount which was higher than the acquisitions performed.

The current assets decreased from 518.256.149 lei as at 30.06.2015 to 446.319.696 lei as at 30.06.2016 (with 14%) as a result of decrease of total receivables with 23%, decrease of monetary availabilities with 75%, decrease of prepayments with 18% and increase of inventories with 16%.

Prepayments to TMK-RESITA decreased from 99.196.126 lei as at 30.06.2015 to 79.510.978 lei without VAT as at 30.06.2016 due to the decrease of financing working capital needed for ensuring the production of billets required by TMK ARTROM consumption. The amount actually paid as prepayments are with VAT in amount of 95.413.174 lei.

The total receivables decreased from 260.636.145 lei as at 30.06.2015 to 199.852.797 lei (with 23,3%) as at 30.06.2016, mainly due to the decrease of trade receivables with 23,2%, decrease of

receivables to be collected from the state budget for VAT with 30% as well as the increase of amounts to be collected from debtors with 132% .

The trade receivables registered an significant decrease with 23,2% mainly due to the decrease with 74,7% of receivables within the group as well as the receivables related to the sold goods (billets and pipes from Russia) with 14% due to the decrease of the turnover of goods sold (billets and pipes from Russia) which were purchased from companies within the group with 32%.

As at 30.06.2016, the company registers doubtful customers from cashing in amount of 3.635.643 lei for which were made value adjustments in amount of 3.010.164 lei.

The company has to recover as at 30.06.2016 from the state budget value added tax in amount of 10.426.147 lei (as at 30.06.2015: 14.847.289 lei), representing VAT to be reimbursed of the tax group related to the statement of May 2016 and VAT to be reimbursed related to the statement of June 2016 of TMK-ARTROM SA as member of tax group.

In accordance with the Decision no. 2/30.04.2008 issued by N.A.F.A.- G.D.S.B.T. starting with June 2008 TMK ARTROM SA is representative of tax group consisting from TMK ARTROM SA and TMK RESITA SA. Through the Decision no. 22 of 28.05.2010 it was approved the maintenance for a period of 5 years of the tax group and was extended through the Decision no. 6026/SRC of 6.05.2015 for a period of minimum 2 years.

The monthly obligation regarding VAT to be paid of TMK RESITA SA is compensated with the VAT to be reimbursed of TMK ARTROM SA through the consolidated VAT statement of the tax group.

As at 30.06.2016 TMK-ARTROM has current income tax paid in advance in amount of 750.335 lei due to the decrease of taxable income in the second quarter compared to the first quarter of 2016.

The sales were performed in the first semester 2016 directly and through related parties traders as follows:

- a) In Romania and East Europe directly to customers;
- b) In Northern and Central Europe directly to customers, through TMK EUROPE from Dusseldorf, the major shareholder, which act as agent;
- c) In South and West Europe directly to customers, through TMK Italia from Lecco, which act as agent;
- d) In USA and East through TMK Ipsco International from SUA, respectively TMK Middle East Dubai.

The trade receivables to be collected from the companies within the group decreased with 74,7% compared to 30.06.2015. TMK- ARTROM SA has to collect as at 30.06.2016 trade receivables from related companies within the TMK Group as follows:

TMK IPSCO = 4.134.818 lei compared to 37.309.524 lei as at 30.06.2015;

TMK RESITA SA = 8.916.281 lei compared to 9.234.584 lei as at 30.06.2015;

TMK MIDDLE EAST = 0 lei compared to 6.120.705 lei as at 30.06.2015;

TMK SINARSKY PIPE PLANT = 326.588 lei compared to 257.378 lei as at 30.06.2015.

We mention that TMK-EUROPE GmbH Germany is major shareholder both at TMK-RESITA SA and TMK-ARTROM SA Slatina.

TMK-EUROPE GmbH Germany has as unique shareholder the Russian company PAO TMK which starting with 9 July 2015 changed its name in PAO TMK from OAO TMK.

The Board of Directors of TMK-ARTROM Slatina decided to approve the establishment of a new company in USA, named TMK INDUSTRIAL SOLUTIONS LLC, with the sole shareholder TMK-ARTROM SA.

TMK INDUSTRIAL SOLUTIONS LLC was registered on 26 April 2016 and will act as a commercial agent for promoting and selling industrial pipes produced by TMK companies for US market. The purpose of this investment is the development of a sale system specialised in industrial pipes in US market which will lead to the increase the turnover of the company in this field.

In first semester 2016 TMK-ARTROM has made available of the new company as the sole shareholder an amount of 73.934 USD from the loan \$ 150,000, with interest rate of 1,9% per year, for the financing of working capital needs, first endowment and other needs related to the establishment and operation of TMK INDUSTRIAL SOLUTIONS LLC.



In 3.12.2015 was concluded Addendum No. 2 through which the reimbursement of the loan is suspended for a period of 3 years , following to be resumed starting with January 2019 in 44 instalments in amount of 400.000 USD and a final instalments of 437.540,03 USD

As at 30.06.2016 the entire value of the loan was long-term.

The interest due by TMK-ARTROM S.A. as at 30.06.2016 is of 14.506 usd (30 June 2015: 11.884 usd), respectively 58.929 lei (30 June 2015: 47.501 lei).

Bank loans decreased compared to the same period of the previous year with the amount of 54.283.338 lei from 226.237.421 lei as at 30.06.2015 to 171.954.083 lei as at 30.06.2016, due to the reimbursement performed.

In balance at 30.06.2016 there were the following bank loans:

Bank name	Currency a	30/06/2016		With maturity less than one year		With maturity greater than one year		Interest due on 30/06/2016	
		lei	Foreign currency	lei	Foreign currency	lei	Foreign currency	lei	Foreign currency
BCR overdraft	EUR	78.199.845	17.297.024			78.199.846	17.297.024	396.823	87,773
BCR 5 years	EUR	26.843.438	5.937.500	26.843.437	5.937.500			208.784	46,181
UNICREDIT BANK	EUR	13.563.000	3.000.000	13.563.000	3.000.000			39.559	8,750
UNICREDIT BANK	EUR	53.347.800	11.800.000	53.347.800	11.800.000			81.937	18,124
Total bank loans		171,954,083	38.034.524	93.754.237	20.737.500	78.199.846	17.297.024	727.103	160.828

The amount of 78.199.846 lei, representing 17.297.024 euro, , is related to operating loan – credit line multiproduct within 20.000.000 EURO- contracted with BCR in 03.10.2011 with an availability period of 3 years, with an interest EURIBOR 3M plus 1,9% and which replace the overdraft of 18.400.000 euro.

❖ The final maturity is on 03.10.2017.

For this loan the company established guarantees as follows:

- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at BCR SA with the owner TMK-ARTROM S.A;
- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at BCR SA with the owner TMK RESITA SA;
- Company warranty issued by :PAO TMK, for guarantee of full and irrevocable repayment of any and all amounts which are owed by Borrower and/or Co-borrower to Bank based on the Contract;

In February 2012 was concluded an amendment by which this loan was converted to a loan contracted by BCR SA, for which at the end of 2012 the loan was the loan is considered long term and not short term as it was at the end of 2011. In September 2013 a new amendment was signed with BCR and overdraft credit was transformed in a multi- product facility which can be used both as overdraft and the ceiling for issuing letters of guarantee and letters of credit and has low fixed interest margin applied near EURIBOR3M from 3.5% to 1.9%. In 25.09.2014 was signed a new addendum with BCR through which the final availability was extended until 03.10.2017. On 30.06. the company had issued based on this facility a letter of guarantee in amount of 500.000 Ron in favour of custom house Slatina and a bank letter of good execution in the favour of customer NIS JSC from Serbia in amount of 177.139 EUR.

From the value of 20.000.000 EUR of the facility was available for use at 30.06.2016 the amount of 2.396.968 EUR

❖ The amount of 26.843.437 lei ( respectively the equivalent of 5.937.500 euro) is related to a loan for 5 years in initial amount of 20.000.000 EURO- contracted with BCR in 03.10.2011, with an interest EURIBOR 3M plus 3,0% used for partial reimbursement of the loan with IPSCO TUBULARS.

The final maturity is on 03.10.2016.



For this loan the company established guarantees as follows:

- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at BCR SA with the owner TMK-ARTROM S.A;
- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at BCR SA with the owner TMK RESITA SA;
- Company warranty issued by PAO TMK, for guarantee of full and irrevocable repayment of any and all amounts which are owed by Borrower and/or Co-borrower to Bank based on the Contract.

Until 30.06.2016 it was reimbursed from this loan the amount of 14.062.500 euro.

In September 2013 the interest margin applied near EURIBOR 3M decreased from 3,5% to 3%.

The amount of 13.563.000 lei (respectively the equivalent 3.000.000 euro) is related to a loan for 5 years in initial amount of 15.000.000 euro- contracted with UNICREDIT BANK in 16.11.2011, with an interest EURIBOR 1M plus 3,5% used for partial reimbursement of the loan with IPSCO TUBULARS. The final maturity is on 16.11.2016.

For this loan the company established guarantees as follows:

- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at UNICREDIT SA with the owner TMK-ARTROM SA;
- Company warranty issued by PAO TMK, for guarantee of full and irrevocable repayment of any and all amounts which are owed by Borrower and/or Co-borrower to Bank based on the Contract

According to the contract this loan was going to be reimbursed in one instalment at the final maturity , but during 2014-2016 was early reimbursed 12.000.000 EURO as a continuation of steady and sustained effort of the company to reduce as much as possible financial costs related to financing activities.

❖ The amount of 53.347.800 lei (equivalent of 11.800.000 EURO) is related to a uncommitted loan in total amount of 26.000.000 EURO – contracted with UNICREDIT BANK in 15.10.2013 with final maturity (validity) until 17.10.2016 ( in the moment of contracting the loan its value was of 27.000.000 EURO), which can be used as follows:

- In maximum amount of 25.000.000 EURO for General needs/ issuing Letter of bank guarantees/ opening letter of credits (revolving credit) with interest rate EURIBOR 1M+1.9%
- In maximum amount of 10.000.000 EURO for general expenses on current account (overdraft) with interest rate EURIBOR O/N+2.75%
- In maximum amount of 1.000.000 EURO for treasury transactions;

In June 2015 was concluded an addendum through which the amount to be used for covering the value risk ( treasury transactions) was decreased from 2.000.000 EURO to 1.000.000 EURO, which determined the decrease of total value of the loan from 27.000.000 EURO initially contracted to 26.000.000 EURO.

In December 2015 was concluded an addendum through which was extended the maturity until the validity 17.04.2017 for uses for the purpose of issuance of letters of guarantee and opening letters of credit.

For this loan the company established guarantees as follows:

- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at UNICREDIT SA with the owner TMK-ARTROM SA;
- Company warranty issued by OAO Volzsky Pipe Plant, for guarantee of full and irrevocable repayment of any and all amounts which are owed by Borrower and/or Co-borrower to Bank based on the Contract.

This loan will be reimbursed in one instalment at the final maturity.

As at 30.06.2016 the company had issued within this a Letter of guarantee of proper payment in the amount of 80.000 EURO in favour of INOTAL and several letters of credit totalling 11.866.294 EURO opened for both contractual payment obligations for suppliers TMK-ARTROM S.A. and TMK-RESITA S.A.

The amount of 53.347.800 lei in balance as at 30.06.2016 was only for financing general needs and has maturity on short term because in accordance with the contract each withdrawal have maturity up to one year, with possibility of extension.

For this loan the company established guarantees as follows:

- Pledge without dispossession on credit balance of current bank accounts/ subaccounts opened at UNICREDIT SA with the owner TMK-ARTROM SA;

- Company warranty issued by OAO Volzsky Pipe Plant, for guarantee of full and irrevocable repayment of any and all amounts which are owed by Borrower and/or Co-borrower to Bank based on the Contract
- ❖ The company has contracted with BCR a promissory notes discount ceiling amounting 10.000.000 lei with an interest of ROBOR 3M +3% which can be transformed in a loan if the customers do not settle the promissory notes reached to maturity. In July 2015 the value of this ceiling was reduced to 4.000.000 RON  
As at 30.06.2016 no promissory notes discounted and endorsed were within this ceiling.
- ❖ On 24.07.2014 TMK-ARTROM and TMK-RESITA contracted from BCR SA an Agreement of Reverse Factoring - according to which BCR will accept for financing invoices issued by TMK-ARTROM suppliers and TMK-RESITA in global limit approved by 45 million RON, in order to maintain an efficient supply networks with company suppliers. The guarantees granted through this agreement are: pledge on credit balance of current accounts opened at BCR by TMK-ARTROM S.A. and pledge on the creditor balance of the current accounts opened by TMK RESITA S.A. at BCR. In July 2015 the contract value was increased to 51.000.000 lei. As at 30.06.2016 from this ceiling was anything used for the suppliers TMK-ARTROM S.A

On receiving loans TMK-ARTROM paid administration fees related to the entire duration of the loans. The not depreciated part of the administration fees at the end of each reporting period reduce the value of liability in balance.

**b) profit and loss account: net sales; gross gains; costs elements and expenses with a percentage of at least 20% in net sales or in gross gains; risk provisions and for other losses; refers to any sale or stop of a segment of activity made in last 6 months or which will be made in next 6 months; states and paid dividends;**

As at 30.06.2016 the company registered a net profit in amount of 2.464.699 lei, consisting of:

- Operating profit	5.168.118 lei
- Loss from financial activity	2.038.883 lei
- Current income tax expense	300.921 lei;
- Revenues from deferred income tax	353.412 lei;
- Expenses from deferred income tax	717.027 lei.

Under the provisions OMFP 1286/2012 amended and supplemented, were evaluated monthly the account balances of availabilities, receivables and obligations in foreign currency (monetary elements) according to the central bank reference rates. On 30.06.2016 the reference rates NBR were of 4,5210 lei/eur and 4,0624 lei/usd decreased compared to 31.12.2015 when were of 4,5245 lei/eur and 4,1477 lei/usd determining a net gain from exchange rate differences in amount of 803.309 lei compared to the same period of the previous year when was registered a net loss from exchange rate differences in amount of 1.989.769 lei.

The total turnover decreased with 19,6% in the first semester of 2016 compared to the first semester of 2015, from 503.052.762 lei to 404.234.125 lei.

The turnover from sale of steel pipes production TMK-ARTROM decreased with 16%, from 390.709.038 lei as at 30.06.2015 to 328.498.026 lei as at 30.06.2016 due to the decrease of the sale price with 11,2% and decrease of the production sold from 93.107 tons in semester 1 2015 to 88.116 tone in semester 1 2016 (decreased with 5,36%). This decrease is mainly due to the lower deliveries of pipes in the market TMK IPSCO (USA) where based on the lower price of the oil barrel were significant reduced the investments in extractive industries with direct repercussions over the volume of orders received by TMK-ARTROM taking into consideration that the most part of our customers from this market are from this field.

The sale of goods decreased in value in the first semester 2016 with 32,5% due to the decrease of the quantity and change of the structure of types of goods and delivery terms of metallurgical profiles







industrial pipe on market will be higher compared to the previous year, generating a high pressure on the prices on which these goods are trade.

The degree of utilization of production capacity in the first semester of 2016 was of 75%.

In the first semester 2016 sale prices of pipes in lei had a decreasing trend in the North American market by 34% in the European market and a decrease of 9%.

### 3. Changes which affect the capital and the administration of the Company

#### 3.1. Description of cases on which the Society was unable to keep its financial obligations in that period of time.

The company has not been unable to meet its financial obligations in the first semester of 2016.

#### 3.2. Description of any change regarding the rights of securities holders issued by the Society.

There were not changes regarding the rights of securities holders issued by TMK-ARTROM.

The structure of share capital at 30.06.2016 is as follows:

	%	Number of shares	Value of share capital subscribed and paid lei
<b>TMK EUROPE GmbH Dusseldorf Germany</b>	<b>92,7282</b>	<b>107.722.706</b>	<b>270.383.992</b>
<b>Other individual and legal entities shareholders</b>	<b>7,2718</b>	<b>8.447.628</b>	<b>21.203.546</b>
<b>Total</b>	<b>100</b>	<b>116.170.334</b>	<b>291.587.538</b>

Starting with 24.02.2014 Financial Investment Company Oltenia SA has become a significant shareholder in the secondary market transaction with a total of 5.810.951 representing 5,002 of the share capital and number of votes in GMS of TMK-ARTROM. On 31.03.2016 Financial Investment Company Oltenia SA holds a number of 6.349.511 shares representing 5,4657% of the share capital (the latest public data).

Obligations of the company are guaranteed with social patrimony, the shareholders being liable only up to the subscribed capital.

Shares owned confers shareholders the right to vote and dividends.

The shares are nominal, no materialized, numbered.

#### S The company is managed by a Board of Directors composed of:

1. Andrey Zimin- Chairman of the Board of Directors
2. Adrian Popescu- Chief Executive Officer
3. Mikhail Surif
4. Parkhomchuk Andrey
5. Olga Nikolaeva

The management privileges of the Company are delegated to the Chief Executive officer and to three deputy managers, namely:

1. Adrian Popescu – Chief Executive Officer (CEO)- Chairman of the Management Board
2. Vaduva Cristiana – Chief Economical and Accountancy Officer
3. Drinciu Cristian –Chief Operational Officer

#### 4. Mustata Valeru – Chief Commercial Logistic and Administrative Officer

The Chief Executive Officer expanded the powers of the Management Board to the Panel of Directors, an advisory body and internal collective decision composed of 7 members as follows:

- Members of the Board of Directors
- Three executives as follows:
  - 5) Cernyy Evgeny – Chief Financial Officer
  - 6) Kolomeets Olga – Chief Public Relations and personal's policy
  - 7) Pavlov Alexander – Chief Procurement Officer

Managers are appointed exclusively outside the Board of Directors except for the Chief Executive Officer who is a member of the Board of Directors.

The Chief Executive Officer represents the company in relations with third parties and has full power to hire, fire, fix the remuneration of any employees, establish and modify at any time the organizational chart of the Company.

The company is validly represented in relations with third parties, including but not limited to financial institutions, courts of all levels of jurisdiction, governmental authorities, by the following persons acting together or separately, as follows:

- a) By the Chief Executive Officer acting individually; or
- b) by Chief Operational Officer (first signature) acting together with the Chief Economic and Accountancy Officer (second signature), under the mandate granted by the Chief Executive Officer,
- c) by Chief Commercial Logistic and Administrative Officer (first signature) acting together with the Chief Economic and Accountancy Officer (second signature), under the mandate granted by the Chief Executive Officer; and also
- d) by Chief Financial Officer (first signature) acting together with the chief Economic and Accountancy Officer (second signature), under the mandate granted by the Chief Executive Officer; or
- e) by Chief Procurement Officer (first signature) acting together with the chief Economic and Accountancy Officer (second signature), under the mandate granted by the Chief Executive Officer.

Chief Economic and Accountancy Officer exercises the Preventive Financial-Economic Control in the company.

#### 4. Significant transactions

1. Addendum no. 2 to the loan agreement w/n dated 01.12.2008 with TMK EUROPE GmbH ('The creditor') through which is suspended the monthly repayment for 3 years until January 2019.

2. Addendum to the sale purchase agreement in commission no. 990 dated 30.12.2011 with TMK-RESITA ('The Buyer'), Addendum no 4 dated 28.12.2015, through is established the estimated value of the agreement for 2016 to approximately 28.000.000 euro, it is introduced another way of payment, respectively through compensation order, at 30 days from the invoice date, and the validity of the agreement is extended until 31.12.2016.

3. Addendum to the sale purchase agreement 2389 dated 23.12.2014 with TMK-RESITA ('The Buyer'), no. 2896 dated 04.01.2016, having as object sale of sub products / ferrous scrap metal, contracted quantity for 2016 being 30.000 tons in the amount of 30.000.000 lei, and the validity of the contract is extended until 31.12.2016.

4. Sale – purchase agreement with TMK-RESITA ('The Seller'), agreement no. 283/1000 dated 21.12.2015, having as object purchase of approximately 243.000 tons of continuously cast products and non-ferrous products recovered, totalling approximately 549 630 538 lei contract valid until 31.12.2016.

5. Sale-purchase agreement no. 2919 dated 04.01.2016 with TMK-RESITA ('The Buyer'), having as object sale of rolled seamless steel pipes, contracted quantity for 2016 is approximately 200 tons totalling approximately 200.000 euro the contract valid until 31.12.2016.

6. Addendum to the agent contract with TMK ITALIA SRL ('The Agent'), Addendum no. 7 to the contract 868/13.09.2011 dated 27.01.2016, through which is extended the validity of the contract until 31.12.2016.

7. Purchasing agreement for green certificates EUA no. 3206 dated 14.06.2016 with TMK-RESITA S.A ('The Seller'), in value of 4.085.481 lei without VAT, operation of sale being made through "Enhanced EU Unique Register".

8. Purchasing agreement no 16-5003 ART RES dated 14.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 1.555.932 euro (inclusively +/- 5% tolerance), having as object acquisition of graphite electrodes SGL.

9. Purchasing agreement no 16-5004 ART RES dated 14.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 149.556 USD (inclusively +/-10% tolerance), having as object purchase of Fangda Carbon graphite electrodes.

10. Purchasing agreement no 16-5005 ART dated 02.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 153.934 euro, having as object purchase of steel bars.

11. Purchasing agreement no 16-5006 ART RES dated 14.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 245.964 euro (inclusively +/-10% tolerance), having as object acquisition of graphite electrodes Energoprom.

12. Purchasing agreement no 16-5007 ART dated 02.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 55.661 euro + transportation costs, having as object purchase of rods bench Heinrich Geissler.

13. Framework purchase agreement no 16-5012 ART-RES dated 04.03.2016 with TMK EUROPE GmbH ('The Seller'), its value being the total value of future specifications, having as object acquisition of RHI refractory materials, contract valid from 01.01.2016 to 31.12.2016.

14. Specification to the framework purchase agreement no 16-5012 ART-RES dated 04.03.2016 with TMK EUROPE GmbH ('The Seller'), Specification no. 2 dated 15.03.2016, in value of 668.667 euro, having as object acquisition of RHI refractory materials for quarter II 2016.

15. Specification to the framework purchase agreement no 16-5012 ART-RES dated 04.03.2016 with TMK EUROPE GmbH ('The Seller'), Specification no. 5 dated 10.05.2016, in value of 584.815 euro, having as object acquisition of RHI refractory materials for quarter III 2016.

16. Purchase agreement no 16-5015 ART dated 04.03.2016 with TMK EUROPE GmbH ('The Seller'), in value of 495.760 euro + transportation costs, having as object acquisition of rolling mandrels Heinrich Geissler.

17. Addendum to the purchase agreement no 16-5015 ART dated 04.03.2016 with TMK EUROPE GmbH ('The Seller'), Addendum no. 1 dated 03.05.2016, by which increases the value of the contract amounts to 566.582 euro + transportation costs having as object acquisition of rolling mandrels Heinrich Geissler.

18. Agent Contract with TMK INDUSTRIAL SOLUTIONS LLC ('The Agent'), contract no 3223 dated 27.06.2016, through which 'The Principal' designates 'The agent' to promote their products on the territory of North and South America to identify potential customers for products in order to sell them to negotiate with clients sale-purchase contracts for the following products: steel pipes in the production range TMK-ARTROM, industrial pipes range of production of the Russian producers TMK and round billets and rectangular billets continuously cast range of production TMK-RESITA and Russian producers TMK, agreement valid until 31.12.2016.

19. Financing agreement through amounts made available, bearing interest with TMK INDUSTRIAL SOLUTIONS LLC ('the Beneficiary'), contract no. 3143-1 dated 03.05.2016, in amount of 150.000 USD, valid for 1 year.

**Chief Executive Officer**

**Ing. Popescu Adrian**

**Chief Economical and Accountancy  
Officer**

**Ec. Vaduva Cristiana**