

**Independent Limited Assurance Report on the information included in the current reports issued by the Company in accordance with requirements of Law 24/2017 (Article 82) and Regulation no. 5/2018**

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

We were engaged by the **TMK ARTROM S.A.** (hereinafter "the Company ") to perform certain procedures in accordance with Regulation no. 5/2018 of Financial Supervisory Authority ("ASF") with all its subsequent amendments and updates and report on the information included in the attached current reports (hereinafter "Reporting Schedules")

(dated Report 102/186 from 8 August 2018, Report 102/188 from 13 August 2018, Report 103/200 from 31 August 2018, Report 102/207 from 18 September 2018, Report 102/226 from 4 October 2018, Report 102/241 from 29 October 2018, Report 102/270 from 5 December 2018, Report 102/279 from 17 December 2018, Report 102/283 from 21 December 2018, Report 102/285 from 24 December 2018, Report 102/450 from 28 December 2018),

that have been prepared by the Company in accordance with the requirements of the Law 24/2017 (Article 82) (" the criteria") to report to the Financial Supervisory Authority ("FSA") and to the Bucharest Stock Exchange for the period from **1 July 2018 to 31 December 2018**. The Reporting Schedules have been 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. The Reporting Schedules are the responsibility of the Company's management. Our procedures have been performed exclusively on the Reporting Schedules mentioned above covering the period **1 July 2018 to 31 December 2018**.

**Specific Purpose**

This report is intended solely for the purposes specified in the first paragraph above and for your information and must not be used for any other purpose. The report refers exclusively to the Reporting Schedules and must not be associated with any Company's financial statements as a whole. Our procedures have been performed exclusively on the contracts signed during the period **1 July 2018 to 31 December 2018**.

**Management's Responsibilities**

The Company's management is responsible for the preparation of the Reporting Schedules in accordance with the requirements of the Law 24/2017 (Article 82) (" the criteria"). In particular, the Company's management is responsible for internal controls being designed and implemented to prevent the Reporting Schedules from being materially misstated.

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In addition, the Company's management is responsible for ensuring that the documentation provided to the auditor is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibilities**

We conducted our assurance engagement in accordance with International Assurance Standards, particularly ISAE 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", as adopted by the Chamber of Financial Auditors in Romania. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Reporting Schedules.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on the auditor's judgment. The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence about the Reporting Schedules.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

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

- 1) We have obtained the attached 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 24/2017 (Article 82) to the information actually included by the Company.

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- 2) We have compared details, for the individual contracts/agreements we have considered, as detailed in this Report, to determine if the content of the Reporting Schedules is consistent, in all material respects, with information as per signed contracts and agreements presented to us and that 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 type of goods/services as indicated in the documentation; the total value of the contract/agreement documentation, and, as applicable, contract related 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 approved contracts.

Our procedures have been performed only on the contracts included in the attached Reporting Schedules, that have been concluded/modified during **1 July 2018 to 31 December 2018** and that have an estimated value during the reporting period above 50,000 Euros. 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 82 of Law 24/2017 for the reporting period.

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## Conclusion

Based on the procedures performed and evidence obtained, as described above, regarding the legal documents which are included in the Reporting Schedules, nothing has come to our attention that causes us to believe that:

- a) The details as indicated in the Reporting Schedules are not in accordance with the related contracts/agreements presented to us.
- b) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation.
- c) The related contracts/agreements provided to us were not properly authorized by representatives of the Company.
- d) 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 signed between the parties.
- e) The terms and conditions of the contracts reported by the Company 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 contracts signed by the Company according to the type of services and to other terms and conditions agreed between the parties.

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



31 January 2019  
Bucharest, Romania

## Attachment

- 1) Report 102/11 from 22 January 2019

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TMK-ARTROM S.A.

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E-mail: office.slatina@tmk-artrom.eu www.tmk-artrom.eu  
EUID: ROONRC.J28/9/1991; J28/9/31.01.1991  
VAT No. RO 1510210/1992  
Subscribed and Paid Share Capital: 291,587,538,34 lei

No 102 / 11 from 22.01.2019

**List of the Current Reports submitted to A.S.F  
during second Semester of 2018  
regarding the information provided in art. 82 paragraph (1) of the Law no. 24/2017 and of  
Regulation no. 1/2006 on issuers and transactions with securities**

1. Addendum no. 2/2017 dated 08.08.2018 to the sale purchase agreement no. 2919 dated 04.01.2016 with TMK-RESITA ('The Buyer'), having as object the purchase of seamless pipes, in total amount of 240,000 euro +/- 10%.

2. Acquisition agreement no. 17-5022 ART dated 20.07.2018 with TMK EUROPE GmbH ('The Seller'), in total amount of 79,954 euro, having as object purchasing of rolls, the payment term being of 45 days from the date of delivery.

3. Addendum no. 11 dated 23.07.2018 at the agreement 868/13.09.2011 with TMK ITALIA SRL ('The Agent'), which extends validity of the contract till 30.06.2019 and also includes an article referring to data protection, in order to comply with Regulation EU no. 2016/679 of the European Parliament.

4. Specification no. 463 dated 09.08.2018 to the purchase agreement TA-002/67 dated 10.08.2016 with PAO "TMK" ('The Seller'), having as object to extend validity of the contract till 31.12.2019.

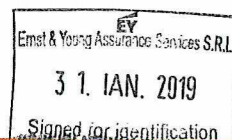
5. Agreement no. 1.21.30-K-120/18 dated 30.08.2018 with ROSNITI JSC ('The Executor'), having as object rendering the services for conducting the metallographic, chemical, mechanical, corrosion tests, manufacturing testing samples, the total amount being 96.000 USD and the validity of the contract until 31.12.2021.

6. Addendum no. 5 dated 30.08.2018 to the agent contract no. 3223 dated 27.06.2016 with TMK INDUSTRIAL SOLUTIONS LLC ('The Agent'), which extends the validity of the contract until 31.12.2018.

7. Alteration agreement no. 1 dated 18.09.2018 to the specification no. 01 dated 26.03.2018 to the sale agreement no. 162/130018000282 dated 16.03.2018 with Sinarsky Pipe Plant ('The Buyer'), having as object the sale of TMK - C alloy pipes, through which is changed the total amount to 242.561 euro, the loading date is extended until 12.11.2018, and the delivery date until 25.11.2018.

8. Additional Agreement no 627 dated 01.10.2018 to the purchase agreement TA-001/6A dated 16.04.2015 with PAO "TMK" ('The Seller'), having as object the extension of the validity of the agreement until 31.12.2019.

9. Contract no. 646 dated 24.10.2018 with TMK INDUSTRIAL SOLUTIONS LLC ('The Buyer'), having as object pipes sales, the estimated amount being 1.500.000 USD and the validity of the contract is 1 year, until 24.10.2019.



API:  
5CT-0440  
5L-0352

LRQA:  
ISO 9001  
ISO 14001  
OHSAS 18001

TUV:  
PED/AD-2000 W0/W4/  
TRD 100/102  
Vd TUV

TUV CPR:  
EN 10210-1,2  
EN 10255

LR  
DNV-GL Rules  
RINA

LRQA:  
ISO/TS 16949

**TMK EUROPEAN DIVISION Cod: FCU-01, Ed. 3 Rev. 2/2017**

10. Acquisition agreement no. 18-5011 ART dated 03.12.2018 with TMK EUROPE GmbH ('The Seller'), in total amount of 70,165 euro, having as object purchasing of spare parts from Comet, the payment term being of 45 days from the date of delivery.

11. Acquisition agreement no. 18-5013 ART dated 03.12.2018 with TMK EUROPE GmbH ('The Seller'), in total amount of 927,639 euro, inclusive transport costs, having as object purchasing of mandrel bars and push bars, the payment term being of 90 days from the date of invoice.

12. Alteration agreement no. 695 dated 12.12.2018 to the sale agreement no 178 dated 23.03.2018 with Orsky Machine Building Plant ('The Buyer'), having as object the extension of the valability of the contract till 31.01.2019 and the extension of the shipment and delivery periods till 31.12.2018.

13. Alteration Agreement no. 712 dated 20.12.2018 to the acquisition contract IN-119 dated 01.09.2014 cu TMK-INOX LLC ('The Seller'), which extends the validity of the contract up to 31.12.2020.

14. Addendum no. 4 dated 21.12.2018 to the Loan Agreement wln dated 01.12.2008 with TMK EUROPE GmbH ('The Creditor'), through which is agreed the payment of 1.000.000 USD in the second half of 2019, but not later than 31.12.2019, and the rest of 17.037.540.03 USD will be reimbursed in 42 instalments of 400.000 USD, of which the last one will have the value of 237.540.03 USD, in 25 of each month, starting with January 2020.

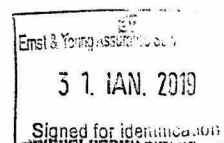
15. Agreement 718 dated 21.12.2018 for the purchase of shares issued by TMK-Resita with TMK EUROPE GmbH ('the Seller'), through which is acquired the shares of TMK-Resita SA, in amount of 62,290,000 EUR. The payment will be performed as foloows: 100,000 EUR within 30 days from the date of the conclusion of the agreement, folowwing that the amount of 62,190,000 EUR to be paid within 5 annual instalments, each one of 12,438,000 EUR, starting with 201, but not later than 31 December of each year.

16. Additional agreement no 2, dated 27.12.2018 to contract no. 162/130018000282 dated 16.03.2018 with Sinarsky Pipe Plant ('The Buyer'), the validity of the agreement being extened until 31.12.2019.

Chief Executive Officer,  
Ing. Popescu Adrian



Chief Economical and  
Accountancy Officer  
Ec. Vaduva Cristiana



API:  
5CT-0440  
5L-0352

LRQA:  
ISO 9001  
ISO 14001  
OHSAS 18001

TUV:  
PED/AD-2000 W0/W4/  
TRD 100/102  
Vd TUV

**TMK EUROPEAN DIVISION Cod: FCU-01, Ed. 3 Rev. 2/2017**

TUV CPR:  
EN 10210-1,2  
EN 10255

LR  
DNV-GL Rules  
RINA

LRQA:  
ISO/TS 16949