

Report on Review of Interim Financial Information

To the shareholders of TMK-ARTROM S.A.

Introduction

- 1 We have reviewed the accompanying interim financial statements of TMK-ARTROM S.A. ("the Company"), which comprise the consolidated and separate statement of financial position as at 30 June 2017, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in shareholders' equity and the consolidated and separate cash flow statement for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

The separate financial statements refer to:

- ▶ Net assets/Total equity and reserves: 503,319 thousand lei
- ▶ Profit for the period: 15,993 thousand lei

The consolidated financial statements refer to:

- ▶ Net assets/Total equity and reserves: 505,711 thousand lei
- ▶ Profit for the period: 18,080 thousand lei

- 2 Management is responsible for the preparation and presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 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. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

- 3 We conducted our review in accordance with the Standards on Auditing adopted by the Romanian Chamber of Auditors, and more specifically the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Disagreement on accounting estimates

- 4 As presented in Note 2.2 m) to the financial statements, the Company's accounting policy in relation to valuation of inventories provides that inventories are recorded at the lower of cost and net realizable value, where net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. As at 7 October 2016, we have issued a modified report on review of interim financial information prepared for the six months period ended 30 June 2016, considering that a value adjustment of RON 5,613,247 for inventories required to bring the inventories balance at their net realizable value was not recorded. Our review report on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the comparative information.

Qualified Conclusion

- 5 Based on our review, with the exception of the effect of the matter described in the preceding paragraph on comparative information, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards and applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

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



Name of signing person: Sebastian Mocanu
Registered with the Chamber of Financial Auditors in Romania
No. 1603/16 August 2005



Bucharest, Romania
16 August 2017