



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 2015, prepared in accordance with Order MPF 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: 30.06.2015

Date of report: 13.08.2015

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. Economical 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:

- 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;
- 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;
- 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 2014 property, plant and equipment increased from 439.653.867 lei to 458.288.636 lei, as a result of the investment program undertaken in this period.

The current assets decreased from 529.303.023 lei at 30.06.2014 to 518.256.149 lei at 30.06.2015 (with 2%) as a result of the decrease of inventories with 11%, decrease of prepayments with 11%, increase of total receivables with 1% and increase of monetary availabilities with 396%.

The advances to TMK-RESITA decreased from 111.956.415 lei at 30.06.2014 to 99.196.126 lei without VAT at 30.06.2014 as a result of decrease of financing working capital necessary for ensuring the production of billets required TMK ARTROM consumption. The amounts actually paid as advances are with VAT in amount of 123.003.196 lei.

Total receivables increased from 257.847.278 lei at 30.06.2014 to 260.636.145 lei (with 1%) at 30.06.2015, mainly due to the increase of trade receivables with 1%, increase of receivables to be collected from the state budget for VAT with 13%, income tax paid in advance also due to the decrease of the amounts to be collected from debtors with 56% .

Trade receivables registered an insignificant increase with 1% mainly due to the increase of average collection durations and increase turnover of goods sold (billets and pipes from Russia) that were purchased from group companies

As at 30.06.2015, the company register doubtful debts to collection in amount of 1.779.043 lei for which have been fully established value adjustments.

The company has to recover at 30.06.2015 from the state budget value added tax in amount of 14.847.289 lei (at 30.06.2014: 13.108.696 lei), representing VAT to be reimbursed of the tax group of the statement of May 2015 and VAT to be reimbursed related to statement of June 2015 of TMK-ARTROM as a 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 30.06.2015 TMK-ARTROM has current income tax paid in advance in amount of 1.058.070 lei due to the decrease of taxable income in the second quarter compared to the first quarter 2015.

The sales were performed in the first semester 2015 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 decrease with 36% compared 30.06.2014. TMK- ARTROM SA has to collect on 30.06.2015 trade receivables from related companies within TMK Group as follows:

TMK IPSCO = 37.309.524 lei compared to 56.231.385 lei at 30.06.2014;

TMK RESITA SA = 9.234.584 lei compared to 10.305.474 lei at 30.06.2014;

TMK MIDDLE EAST = 6.120.705 lei compared to 1.723.934 lei at 30.06.2014;

TMK-EUROPE GmbH = 0 lei compared to 108.874 lei at 30.06.2014;

TMK ITALIA = 22.368 LEI compared to 0 lei at 30.06.2014.

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 OAO TMK which starting with 9 July 2015 changes its name in PAO TMK.

The liabilities which has to be paid earlier than one year decreased compared to the first semester of 2015 from 298.879.936 lei at 30.06.2014 to 249.585.471 lei at 30.06.2015 (with 16%) mainly due to decrease of volume of bank loans on short term with 35%, and decrease of advance collected in the account of orders with 21%, decrease of the income tax due by 100%, increase of trade receivables (with 11%).

Decrease of bank loans on short term in amount of 57.913.221 lei, from 165.363.437 lei at 30.06.2014 to 107.450.216 lei is due to the framing of overdraft from BCR fully in long term due to the addendum of its extension until 03.10.2017.

Compared to 1st semester 2014, the liabilities which has to be paid over a period greater than one year increased from 202.298.687 lei at 30.06.2014 to 241.727.480 lei at 30.06.2015 (with 19%) due to the increase of long term loans as a result of extension of validity of overdraft from BCR.

Exchange rates at 30.06.2015 were of 4,4735 lei/eur and 3,9969 lei/usd compared to 4,3870 lei/eur and 3,2138 lei/usd at 30.06.2014.

The company has calculated also deferred tax liability at 30.06.2015 of 38.449.064 lei compared to 38.252.141 lei at 30.06.2014.

Trade receivables TMK-Artrom SA at 30.06.2014 to companies within TMK increased from 68.202.058 lei at 30.06.2014 to 88.383.199 lei at 30.06.2015 and are mainly due to OAO TMK in amount of 34.196.412 lei (30.06.2014: 48.207 lei), TRADE HOUSE TMK in amount of 46.247.272 lei (30.06.2014: 60.724.603 lei) for purchasing metallurgical profiles for the purpose of selling on domestic and external market and to TMK EUROPE GmbH Germany in amount of 7.059.445 lei (30.06.2014: 6.579.839 lei) for import of production tools, spare parts as well as goods for resale to TMK RESITA: ferroalloys, refractories materials, graphite electrodes and commission agent.

The company TMK EUROPE GmbH Germany (former TMK SINARA HANDEL GMBH) is creditor with the amount of 81.686.804 lei representing the equivalent of 20.437.540,03 USD (at 30.06.2014: 73.433.711 lei representing the equivalent of 22.837.540,03 USD and 38.425,07 RON) related to the loan agreement w/n/01.12.2008, respectively assignment of receivables no. 054/20.02.2002 from AVAS (AVAB) in initial amount of 22.837.540,03 USD and 38.425,07 RON,

the company established guarantees in favour of TMK EUROPE GmbH Germany as follows:

1. First rank mortgage on the land area of 203,651.82 square meters and the buildings constructed

2. Pledge without dispossession of goods of first rank on line hot rolling mill HPT 250, control installation ultrasonic non-destructive; Assel mill AWW250 Straightening Machine D 38-90; Furnace TTF, Pilger mill SKW75; Induction heating installation; furnace normalizing heat treatment and first rank the other assets of TMK-ARTROM under registration no 2004-1080142242453-QJU/24.03.2004,

3. First rank mortgage on land in Area 211,614.54 sq. and related buildings inside TMK ARTROM under contract no. 1869/14.10.2003

4. Real guarantee without dispossession of goods first rank over the other assets of TMK-ARTROM SA as enrolment in security electronic archive, no 2002-1034612284359-IUD/14.10.2003

In AGAE from 17.11.2008 was approved the change of the nature and delay of payment of the receivable owed by Society to TMK EUROPE GmbH in amount of 22.837.540,03 USD with following conditions:

The receivable will be paid in 57 instalments starting from 25 January 2014 until 25 September 2018 inclusively. First 56 monthly instalments will be of 400.000 USD and the 57th will be in amount of 437.540.03 USD. The payment of the debit of 38.425,07 lei of the company to TMK Europe GmbH from 25 January 2014 will be paid in USD at the official exchange rate RON/USD of Romanian National Bank from the last day of year 2013. The receivable has an interest of LIBOR + 0.5% p.y. starting from 1st January 2009.

The interest is calculated and paid on the 15th day of each month for the previous month.

In 21.11.2013 was concluded the Addendum no.1 to Agreement from 01.12.2008 through which the reimbursement of the loan start with 25.01.2015, respecting the same number of instalments. The interest due by TMK-ARTROM S.A. on 30.06.2015 is of 11.884 USD, respectively 47.501 lei.

On 30.06.2015 the value on short term of the loan was of 19.185.120 RON, and the one on long term of 62.501.684 RON

Bank loans decreased compared to the same period of the previous year with the amount of 26.787.732 lei from 253.025.153 lei at 30.06.2014 to 226.237.421 lei at 30.06.2015, due to the reimbursements from long term loans but also due to the decrease of usage of overdraft from BCR.

In balance at 30.06.2015 there were the following bank loans:

Bank name	Currency	30/06/2015		With maturity less than one year		With maturity greater than one year		Interest due on 30/06/2015	
		lei	Foreign currency	lei	Foreign currency	lei	Foreign currency	lei	Foreign currency
BCR overdraft	EUR	66.299.255	14.820.444			66.299.255	14.820.444	310.014	69.300
BCR 5 year	EUR	43.337.031	9.687.500	16.775.625	3.750.000	26.561.406	5.937.500	345.568	77.248

UNICREDIT TIRIAC BANK	EUR	44.735.000	10.000.000			44.735.000	10.000.000	126.128	28.194
UNICREDIT TIRIAC BANK	EUR	70.979.533	15.866.667	70.979.533	15.866.667			104.892	23.447
Total bank loans		225.350.819	50.374.611	87.755.158	19.616.667	137.595.661	30.757.944	886.602	198.189

□ The amount of 66.299.255 lei, representing 14.820.444 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 OAO 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 30.06.2015 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 45.638,28 EUR.

From the value of 20.000.000 EUR of the facility was available for use at 30.06.2015 the amount of 5.005.049 EUR

□ The amount of 43.337.031 lei (respectively the equivalent of 9.687.500 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 OAO 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 30.06.2015 it was reimbursed from this loan the amount of 10.312.500 euro.

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

□ The amount of 44.735.000 lei (respectively the equivalent of 10.000.000 euro) is related to a loan for 5 years in initial amount of 15.000.000 EURO- contracted with UNICREDIT TIRIAC 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 OAO 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 was early reimbursed 5.000.000 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 70.979.533 lei (equivalent of 15.866.666.62 euro) is related to a uncommitted loan in total amount of 27.000.000 EURO – contracted with UNICREDIT TIRIAC BANK in 15.10.2013 with final maturity (validity) until 14.10.2016. In 23.06.2015 it was concluded an addendum through which the total value of the facility was established to 26.000.000 EURO, which can be used as follows:

- o maximum 25.000.000 EUR for General needs/ General expenses on current account/ issuing Letter of bank guarantees/ opening letter of credits, from which for general expenses will be able to use maximum 10.000.000 EUR
- o - maximum 1.000.000 EUR for covering the value of risk of transactions carried out based on the framework agreement for treasury products.

The amount of 70.979.533 lei in balance at 30.06.2015 was only for financing general needs and has maturity on short term because under the agreement each withdrawal has maturity up to one year, with the possibility to extend.

Based on the facility the company had issued on 30.06.2015 import letters of credit and letters of guarantee in the equivalent of 5.103.946 EUR, the total amount available for the use of the credit facility being on 30.06.2015 of 4.029.387 EUR

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.

On 30.06.2015 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 . On 30.06.2015 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;

On 30.06.2015 the company registered net profit in amount of 3.237.959 lei, consisting of:

- Operating profit	9.194.957 lei
- Loss from financial activity	5.462.043 lei

- Current income tax expense	30.633 lei;
-Revenues from deferred income tax	305.833 lei;
- Expenses from deferred income tax	770.155 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 30.06.2015 the reference rates NBR were of 4,4735 lei/eur and 3,9969 lei/usd in increase compared to 31.12.2014 when were of 4,4821 lei/eur and 3,6868 lei/usd determining a net loss from exchange rate differences in amount of 1.989.769 lei compared to the same period of the previous year when was registered a net gain from exchange rate differences of 4.266.746 lei.

The total turnover decreased with 5% in the first semester of 2015 compared to the first semester of 2014, from 530.581.731 lei to 503.052.762 lei.

The turnover from sale of pipes decreased with 10,7%, from 437.699.749 lei at 30.06.2014 to 390.709.038 lei at 30.06.2015 due to the decrease of selling price with 4,9% and the decrease of the volume of production sold from 99.160 tons in the first semester 2014 to 93.107 tons in first semester 2015 (decreased with 6%). This decrease is mainly due to the lower deliveries of pipes in the market TMK IPSCO (SUA) 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 increased in value in the first semester of 2015 with 27% due to the increase of the quantity and change of the structure of types of goods and delivery terms of metallurgical profiles purchased from the companies within the group (through OAO TMK and TRADE HOUSE TMK) and sold both on domestic market as well as on external market compared to semester 1 2014. In semester 1 2015 were sold 50.284 tons of ,metallurgical profiles (billets and pipes) purchased from the companies within the group compared to semester 1 2014 when were sold 37.144 tons.

The physical production obtained in semester I 2015 was of 90.640 tons, compared to 99.116 tons in the same period of the year 2014,registering a decrease with 8,6% due to the decrease of the volume of orders.

Based on the decrease of the turnover the cost of sales decreased with 1% in semester I 2015 compared to semester I 2014.

The main elements of costs varied toward the corresponding period of year 2014 as follows:

- the expenses on goods sold (trade activity) increased with 22 % as a result of the increase of the quantity and change of the structure of types of metallurgical goods purchased from the companies within the group.

- the costs with raw materials and materials decreased with 8% as a result of the decrease of the physical consumption of raw materials and material generated by the decrease of the volume of physical production. The average cost of the raw material in semester I 2015 was higher compared to semester I 2014, with 3%, as a result of the increase of the price of raw material, billets. The price of billet purchased from TMK-RESITA increased in semester 1 2015 compared to the same period of the previous year due to the increase of the market price of steel and scrap.

- energy costs(electricity, natural gas) decreased with 11%,as a result of decrease of physical consumption determined by the decrease of production. Compared to semester I of 2014 the purchasing prices for electricity registered a decrease with 8,4% and for natural gas with 0,8%. In 3.06.2015 TMK-ARTROM obtained exemption on payment of 60% from the number of green certificates related to the mandatory quota under the Exemption Agreement No. 3 dated 3.06.2015 issued by the Ministry of Economy, Trade and Tourism.

- total expenses with the personnel decreased with 7,7% mainly due to the decrease of expenses regarding insurance and social protection with 15%. Starting with 1.10.2014 the employer contribution to the social insurance fund decreased from 20,8% to 15,8%.

The average number of employees at 30.06.2015 was of 1267 compared to 1237 at 30.06.2014. The effective number of employees at 30.06.2015 was of 1267 people compared to 1253 at 30.06.2014.

It is not registered any stop of any activity segment in the last 6 months.

It were not granted and paid dividends in the last 6 months related to the period of first semester 2015 or year 2014.

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.

All the changes of cash within the operating activity, investments and financial activity have been determined by the collections from sale of pipes and metallurgical products, loans reimbursements to BCR and TMK EUROPE GmbH, payments for acquisition of property, plant and equipment and payments for current activity and advances to TMK RESITA..

The cash at the beginning of the period (1.01.2015) was of 29.476.937 lei and at 30.06.2015 was of 19.611.239 lei.

In semester I 2015 were made payments for investments amounting 18.379.128 lei.

2. The analysis of company's activity

2.1 Presentation and analysis of trends, items, events or factors of uncertainty that affects or could affect the liquidity of the company compared to same period last year

In the first months of the first semester 2015 were maintained the effects of the international economical-financial crisis maintaining a lower level of the sale prices for seamless steel pipes.

It was been registered the maintenance of collection term of trade receivables on export (30-60-90 days).

It was maintained the higher level of the receivables with VAT to be received from the state budget.

The uncertainty factors which could affect the company's liquidity in the next period are: instability of the exchange rate, economic crisis, political and financial ones of the states from euro and non-euro area, the slow rhythm of the economical increase in the country, the increase of prices for electricity and maintaining the higher level of the price for natural gases.

2.2. Presentation and analysis of the effects on financial statement of Society of all capital, current and anticipated losses (specifying the purpose and financing sources of this expenses), in comparison with the same period of last year.

Compared to first semester of 2014 the capital expenses registered an increase. The company has launched an investment program designed to increase the added value of its production.

In 8 June 2015 TMK-ARTROM inaugurated a new production capacity namely "ACH workshop -pipes for Automotive and Hydraulic Cylinders". The investment is the first stage of a broader program of development of the company towards Premium products, with high added value and will have a positive impact on efficiency of the activity of TMK's Group plant in Slatina.

2.3. Presentation and analysis of the events, transactions, economic changes which significantly affect the gains from basic activity. Specifying the extent on which were affected the gains by the each identified element. Comparison with the corresponding period of last year

The incomes from the basic activity compared to the corresponding period of the previous year registered a decrease with 10,7%.

The European market of pipes registered on the first 6 months from 2015 a decrease of the consumption which led also to the decrease of selling prices.

In the first half of the year 2015 from the production of pipe TMK-ARTROM was sold a quantity of 93.107 tons, with 6% less than the corresponding period from the previous year this being due to the

lower deliveries of pipe in the market TMK IPSCO (USA) where based on the lower price on oil barrel where significant reduced investments in the extractive field with direct repercussion on the volume of orders received by TMK-ARTROM having in view that the most part of our customers from this market activates in this field.

The decrease of the consumption of pipe in the USA market from the first half of this year was due to the reduction of investments and exploitation activities, investments in non-residential structures which enclose energy drilling and exploring deposits which decreased by almost 19%, the most significant decline in the last four years. In accordance with the information published by the American Trade Department, the Gross Domestic Product of USA registered during period January – March 2015 an annually decrease of 0.2%.

The competition on the industrial pipe field will be in increase, this being determined by the presence more aggressive on the market of the producers of pipe OCTG (pipe designed for petrol and gas industry), producers which after the crash of prices at the oil barrel , together with the reduction of investments in the extractive field, had registered drastically reductions of the volume of orders which made them to orient production capacities to the industrial pipe production. In this terms the offer of 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 2015 was of 83%.

In semester 1 2015 selling prices of pipes expressed in lei had an increasing trend in the North American market with 7% and in the domestic market and the European one a decrease with 12%.being influenced by the evolution of exchange rate usd and euro. The average exchange rate of USD increased in semester 1 2015 compare to semester 1 2014 with 22% and the average exchange rate of EUR registered a slight decrease of 0,4%.

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 2015.

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 30.06.2015 is as follows:

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

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

Major transactions over 50.000 euros signed by issuer with persons acting in concert or in which these people were involved in the relevant time period were:

1. Addendum to framework purchase agreement no 14-5004 ART-RES dated 04.12.2013 with TMK EUROPE GmbH ('The seller') no. 2 dated 09.01.2015 through which is extended the validity of the agreement until 31.12.2015.

2. Addendum to sale – purchase agreement in commission no. 990 dated 30.12.2011 with TMK-RESITA ('The buyer') no 3 dated 15.12.2014, through which is established the estimative value of the agreement for 2015 to approximately 25.000.000 euro, and the validity of the agreement is extended until 31.12.2015.

3. Sale agreement with TMK-INOX LLC ('The buyer') no. 2384 dated 23.12.2014 having as object the sale of parts produced by TMK-ARTROM S.A. in the nature of sizes and rolling mandrels, in value of de maximum 770.000 eur, in delivery condition DAP Kamensk-Uralsky, contract valid until 31.12.2018.

4. Sale purchase agreement with TMK-RESITA ('The buyer') no. 2389 dated 23.12.2014, having as object the sale of sub products/ ferrous metallic scrap, in value of approximately 35.000.000 lei, contract valid until 31.12.2015.

5. Addendum to the sale contract no. 1695 dated 23.07.2013 with TMK IPSCO Canada Ltd. ('the buyer') no. 1 dated 19.12.2014, through which is established the estimative value of the contract for 2015 to approximately 2.200.000 USD, and the validity of the contract is extended until 31.12.2015.

6. Addendum to sale contract no. 960 dated 15.12.2011 with IPSCO INTERNATIONAL LLC ('The buyer'), no 3 dated 19.12.2014 through which is established the estimative value of the agreement for 2015 to approximately 69.635.000 USD, and the validity of the contract is extended until 31.12.2015.

7. Addendum to sale agreement no PM-026/2A dated 09.01.2012 with TMK Middle East ('The buyer') no. 3 dated 19.12.2014 through which is established the estimative value of the contract for 2015 to approximately 1.730.000 USD, and the validity of the contract is extended until 31.12.2015.

8. Sale agreement with Sinarsky Pipe Plant ('The buyer') no. 14-2043 dated 15.12.2014, having as object the sale of pipes, under the specifications related to the agreement, and the amount of these specifications determine the value of the agreement valid until 31.12.2016.

9. Purchase agreement no 15-5002 ART dated 02.02.2015 with TMK EUROPE GmbH ('The seller'), in value of 525.794 euro + transportation costs, having as object the purchase of rolling mandrels.

10. Purchase agreement no 15-5003 ART dated 02.02.2015 with TMK EUROPE GmbH (The seller'), in value of 87.277 euro + transportation costs, having as object purchasing of rods elongators bench and mandrels TPA.

11. Addendum to purchase agreement no. 293 dated 21.12.2011 with TMK-RESITA (The seller'), no 4 dated 22.12.2014, through which is established the estimative value of the contract for 2015 to 538.114.953 lei + VAT (+/- 10%), and the validity of the agreement is extended until 31.12.2015.

12. Addendum to framework purchase agreement no 14-5004 ART-RES dated 04.12.2013 with TMK EUROPE GmbH ('The seller') no. 8 dated 25.02.2015 having as object the purchase of materials RHI for the first semester 2015, in value of 283.461 euro.

13. Addendum to framework purchase agreement no 14-5004 ART-RES dated 04.12.2013 with TMK EUROPE GmbH (The seller') no. 9 dated 12.03.2015 having as object the purchase of material RHI for the second semester 2015, in value of 751.413 euro.

14. Framework purchase agreement with OAO "TMK" ('The seller') no. TA-001/6A dated 16.04.2015, having as object the purchase of pipes and metallic products from the related companies Volzhsky Pipe Plant, Seversky Tube Works, Taganrog Metallurgical Works and Sinarsky Pipe Plant from Russia, under the specifications of the contract, and the amount of these specifications determine the value of contract valid until 16.04.2017.

15. Purchasing agreement no 15-5001 ART RES dated 20.04.2015 with TMK EUROPE GmbH ('The seller') in value of 1.689.054 euro (inclusively +/- 5% tolerance), having as object the purchase of SGL graphite electrodes

16. Purchasing agreement no 15-5010 ART RES dated 20.04.2015 with TMK EUROPE GmbH ('The seller') in value of 122.364 euro (inclusively +/- 10% tolerance), having as object the purchase of Tokay graphite electrodes.

17. Addendum to purchase agreement no 14-5012 ART-RES dated 20.03.2014 with TMK EUROPE GmbH ('The seller') no. 1 dated 08.05.2015 having as object the purchase of Energoprom graphite electrodes, in value of 50.264 euro.

18. Purchasing agreement no 15-5011 ART RES dated 15.05.2015 with TMK EUROPE GmbH ('The seller') in value of 360.294 euro (inclusively +/- 10% tolerance), having as object the purchase of Graphite Cova graphite electrodes.

19. TMK- ARTROM S.A. ('Agent for payments') conclude the agreement no. 2668 dated 24.06.2015 with TMK-RESITA (The buyer'), also with Thyssenkrupp Rothe Erde GmbH ('The seller '), a German company, unrelated, in value of 53.500 euro, having as object the purchase of rolling bearing and ring; the payments related to this agreement will be performed by the Agent for payments, in the supplier bank, through letter of credit.

Chief Executive Officer

Ing. Popescu Adrian

**Chief Economical and Accountancy
Officer**

Ec. Vaduva Cristiana