



S.C. MECANICA CEHLĂU S.A.®

610202 Piatra Neamț – România, str. Dumbravei nr. 6
J 27/8/1991; CUI:2045262; cont BCR RO 45 RNCB 0196027797940001
capital social subscris și varsat: 23 990 846 lei
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Annual report complying with the legal framework in force:	Law 31/1990 republished, Law 297/2004, Regulation CNVM No 1/2006, BVB Code, Order M.F.P. 3055/2009 with subsequent amendments and completions and other regulations in force.
For the financial exercise	2011
Date of the report:	23.03.2012
Issuing company:	Mecanica Ceahlău SA
Registered office:	Piatra Neamț, Strada Dumbravei Nr.6, Judet Neamț Postal 610202
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fiscal identification code (VAT No)	RO 2045262
No in the Register of Commerce	J27 / 8 / 08.01.1991
Regulated market where issued securities are transacted	Bucharest Stock Exchange Code MECF
Social capital subscribed and paid	23,990,846.00 lei
Main characteristics of securities issued by Mecanica Ceahlău SA	ordinary, common, nominative, dematerialised, and recorded in the account

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

The Board of Directors conducted their activity in 2011 in compliance with the By-Laws, the shareholders' general meeting resolutions, and its own resolutions adopted in compliance with Law 31/1990 R, Law 297/2004, the BVB Code, and other regulations governing the activity of companies whose shares are traded on a regulated market.

1. ANALYSIS OF THE COMPANY OPERATIONS

1.1. a) Description of the company's main operations

According to its By-Laws, *the main operations* of Mecanica Ceahlău SA is "production of farming and forestry machines and equipment", CAEN code 283; *its main activity* is "production of farming and forestry machines and equipment," CAEN code 2830.

Farming machinery and equipment manufactured are sold by Ceahlău SA, directly or through agencies, both on the domestic and the foreign markets. The main machinery and equipment manufactured and sold by Mechanical Ceahlău SA cover a wide range of farming works, from soil preparation with a view to sowing to harvesting, e.g., sowing machines for hoeing plants, mechanical and pneumatic sowing machines for straw-based plants, conventional and reversible ploughs, combines, rammers, disc harrows, farming cutters, tillers, irrigation installations, anti-pest sprayers, fertilizer spreaders, etc.

Ever since 2009, one of the priorities of the companies, set in the Extraordinary Shareholders' General Meeting Resolution No 2 of that year, has been to add to the company's operations - generically known as the Operation-Two. This materialised by implementing some projects in unconventional energy and mechatronics equipment with applications in medicine, thus creating an alternative to finding other sources of revenue than those from selling farming machines.

The company's concerns - through its research-design engineering department - materialized during 2010 - 2011, with the implementation of the first Romanian 5 kW-wind turbines manufactured in the company whereas in the field of renewable energy sources, owing to a partnership set forth with a agricultural research institute, the *miscantus* (power plant) prototype harvesting machine was carried out. In-plantation testing stage is scheduled for this year's spring.

Mechanical Ceahlău SA is a full member of the Green Energy Association in Sfântu Gheorghe, an association that is part of Innovative Cluster of Green Biomass Energy in Romania, which ensures the cluster management. Finding financial solutions and representation are the main activities of the Association with a view to developing power plantations, to valuing wood waste, to manufacture boilers and heating units.

In partnership with INMA Bucharest and Green Energy Association, the project entitled "Development of energy willow (*Salix viminalis*) growing technology in Romania (*Salix viminalis*) as a clean alternative energy source," was prepared and submitted and whose approval is in progress. Based on this project, Mecanica Ceahlău S.A. is to manufacture prototypes for energy willow planting and harvesting machines. The total value of the project to be implemented over 36 months amounts to 2,085,385 lei, of which society Mecanica Ceahlău SA is the recipient of the amount of 685,385 lei.

Mecanica Ceahlău SA is organised adequately to carrying out the main operation, the operation-two as well as secondary operations as the company has modern facilities and experienced human resources as well as responsiveness to customer needs, competition requirements in the field of farming machine engineering and to the requirements under the By-Laws.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

In 2011, the company implemented and certified the “Integrated Quality - Environment Management System” complying with ISO 9001 and ISO 14001.

1.1.b) Stating the date of the company incorporation

Mecanica Ceahlău SA became a stock company pursuant to the Government Resolution No 1254 of 04.12.1990 and continues and treasures the experience of the company “Energia” incorporate on 18 July 1921.

1.1.c) Description of any merger or significant reorganisations of the company, its subsidiaries or controlled companies during the financial exercise

No mergers or significant reorganisations of the company were conducted in 2011.

In order to value efficiently the active in Str. Aurel Vlaicu No 34, pursuant to the Extraordinary General Shareholders’ Meeting [EGSM] No 2 of 28.01.2011, secondary operations were added to the company main operations, such as additional services for land haulage - CAEN code 5221, and pursuant to EGSM Resolution No 1 of 26.01.2012, the action plan for 2012 on such location was adopted.

1.1 d) Description of purchases and/or transfers of active to third parties

1.1.d.1) Equipment

In compliance with the 2011 investment plan objectives, investment owekrks were conducted amounting to s 738,445 lei, for the following chapters (Appendix 1):

I. Technological development:

The CNC turning processing centre amounting to 357,055 lei.

II. Energy, utilities, servitudes:

- a. Modernising the industrial water supply ring and fire prevention and fighting, amounting to 83,273 lei, an objective to be completed in 2012;
- b. Modernising transformer units - providing them with automatic condenser battery, amounting to 14,699 lei.

III. Environment, work safety, and working environment conditions:

- a. Ceramic radiant heating installation for production areas, amounting to 85,839 lei;
- b. Modernising production buildings and areas, amounting to 139,708 lei.

IV. Provision of computers, office and communication facilities:

- a. Equipping with computers, amounting to 25,478 lei;
- b. Equipping Office 2010software and licences, amounting to 8,716 lei.

V. Development of trading operations:

- a. Equipping with motorcars, amounting to 14,798 lei.

The objectives of the 2012 and longer-term investment plan represent targets with a view to modernising and implementing new technologies for mechanical processing, welding, thermal treatment, and plastic mass injection.

The main investments and equipment are as follows:

- equipping with numerical control lathe;
- equipping with a numerical control vertical milling unit;
- equipping with an injection machine for plastic parts;
- equipping with a view to modernising the technical quality control.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

Modernising mechanical cutting by replacing classical machine tools with numerical control processing units will lead to increasing productivity and the quality of the products manufactured.

1.1.d.2) Transfers to third parties

By means of the “Programme to make used fixed assets available and valuable” from a physical and moral viewpoint, 31 such machines and buildings were valued, which amounted to 304,410 lei, of which by direct sale of 8 pieces of equipment for the amount of 9,734 lei, and by selling scrap metal, from scrapping of 18 pieces of equipment and 5 buildings, in the amount of 294,675 lei.

1.1.e) Description of main outcome of assessing the company operations

Mecanica Ceahlău SA, as owner, has a portfolio of patents, trademarks, and registered marks, which ensure the protection of intellectual property. The list of products of Mecanica Ceahlău SA includes farming machinery and equipment, which cover almost the entire range of works specific to farming.

In order to provide our customers with upgraded farming machinery and equipment in keeping with the requirements of agricultural development, in 2011 we focused on technical and technological innovation with a view to ensuring a higher quality and reliability of our products.

Were designed and assimilated in manufacturing these machines and agricultural equipment:

The following farming machines and equipment were designed and assimilated in production:

- 8-row precision sowing machines, with double ploughshare, fertiliser, and lengthwise transport “SK8 DFL”;
- 6-row precision sowing machine, with double ploughshare and “SK6 DF” fertiliser;
- Universal sowing machine for straw-plants, with double ploughshare, fertiliser and lengthwise transport “SUP 32 DKFL”;
- Medium disc and roller harrow “GD 4.4”;
- Medium disc and roller harrow “GD 5.2”;

Farming machines and equipment in the manufacturing schedule were upgraded:

- Tillage cutter “FB 2.1”;
- Universal sowing machine for straw-plants “SUP29 DK”;
- 8-row precision sowing machine, with fertiliser and lengthwise transport “SK8 FL”;
- Vibromix Combinator “VM6”.

The investment objective “Full electrostatic field coating line” lead to recording favourable effects for the manufacturer by improving the finishing of the farming machinery and equipment produced, eliminating fumes from the technological process and cutting costs. Similarly, favourable effects were recorded by the consumer by an increase of the product life. As compared to the former liquid coating procedure, the electrostatic field coating leads to some 40% cuts of coating-related costs.

In 2011, works on reorganising the “Mechanical Processing Flow” continued by commissioning the “CNC Lathing Processing Centre” (Puma280M); highly complex mechanical cutting technologies were implemented thus ensuring increasingly precise cutting and a decrease of man-hour by some 35%. Ensuring the microclimate in production shops for winter enhanced comfort, productivity as well as quality of work.

The on-going process of modernising and equipping the central locker areas in the Monoblock shop and the extension of the central heating system led to the improvement of health and safety and health.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

The company participated in major trade fairs and exhibitions in the agricultural machinery and equipment field held in the country, which contributed to promoting and strengthening the company brand, promoting new products, establishing direct contact with customers and potential agents, contact with raw materials suppliers; launching and highlighting promotional campaigns, entering contracts for product sales, contact with the media, collecting information on the competition, technical updates and customer demands, improving customer loyalty, maintaining the market share:

- RomAgroTec - International Exhibition for agriculture and farming equipment, eighth edition, held between 26 and 30 May 2011, county of Ilfov, at km 25 on DN2 Bucharest-Urziceni;
- INDAGRA - The International Fair for Products and Equipment in agriculture, horticulture, vine growing, and livestock farming, held between 19 and 23 October 2011 in Bucharest.

1.1.1. Elements of general assessment

#	Indices	Achieved 2010	Expected BVC 2011	Achieved 2011	% col.4/col.2	% col.4/col.3
0	1	2	3	4	5	6
1	Turnover	22,201,451	21,500,000	31,578,535	142.24	146.88
2	Total revenues	22,114,935	21,275,000	31,348,985	141.75	147.35
3	Total expenditure	19,884,145	20,497,955	23,424,940	117.81	114.28
4	Gross profit	2,230,790	777,045	7,924,045	355.21	1019.77
5	Net profit	2,222,540	777,045	7,246,828	326.06	932.61
6	Revenues from exploitation	21,487,270	20,775,000	30,760,741	143.16	148.07
7	Expenditure from exploitation	17,407,214	18,197,955	22,395,139	128.65	123.06
8	Results of exploitation	4,080,056	2,577,045	8,365,602	205.04	324.62
9	Average number of employees	186	192	195	104.84	101.56

a) profit / loss

In the 2011 financial exercise, Mecanica Ceahlău SA recorded a gross profit of 7,924,045 lei, resulting from exploitation - a profit of 8,365,602 lei, financial outcome - loss of 441,557lei.

b) turnover

The company turnover in 2011 is of 31,578,535 lei on the rise by 42.24% as compared to 2010, and by 46.88% as compared to the target set in the revenue and expenditure budget for 2011.

Structurally, the turnover reached was made from 90% sales of the company own production manufactured in 2011, from selling 6% of the end-product stocks and goods manufactured in 2010 and 4% from services rendered and other sales.

By comparison with 2009 - 2010, the trend of the turnover is a favourable one, close to the level recorded in 2008.

c) export

The value of exports in 2011 amounts to 1,527,639 lei, i.e., 19% higher than in 2010, the size of exports in the turnover is of 4.8 %. In 2011, export sales to EC countries decreased, their contribution to total sales being of 16% only.

d) costs

Costs of sold goods and services rendered amounted to 14,841,328 lei, higher than those in 2010 by 3,133,956 lei. Costs increased as an effect of the higher turnover and included expenditure on auxiliary activities and indirect production costs.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

e) share of the market owned

In 2011, the company was more present on the Romanian farming machinery market by exploiting to the maximum the opportunities generated by the improved farmers' liquidity held. By applying an appropriate sales strategy and practising a competitive quality-price ratio, the company increased its market share, especially in the "sowing machine" group reaching close to 25%.

f) liquidity (available in the account, etc.)

On 31 December 2011, Mecanica Ceahlău SA closed its operations with a positive treasury sold, i.e., 10,358,837 lei. The net growth is broken down in Appendix 3.

The structure of treasury flows is as follows:

- lei-	
Net treasury at the beginning of the exercise	3,522,721
Net treasury from exploitation operations	14,517,448
Net treasury from investments	(696,005)
Net treasury from financing operations	(6,985,327)
Net treasury at the end of the exercise	10,358,837

Negative flows in financing consist of 50,568 lei, interest and financial expenses and 6,934,759 lei credits / leasing reimbursed in advance, which incurred an annual cost of 28%. In future, our target is to reduce even more the use of the very costly financing on the market which affects profitability.

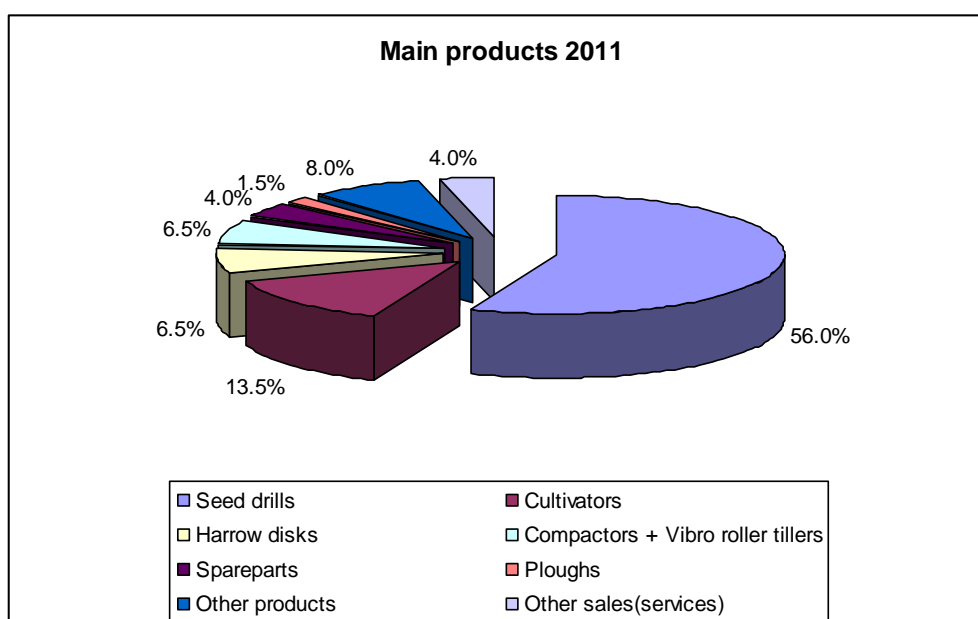
1.1.2. Assessment of the company technical level

Description of the main products manufactured and/or services rendered

The basic production of the company is production of farming machinery and equipment in compliance with the general offer for 2011. The main products manufactured are also the best sold, e.g., classical and precision sowing machines for hoeing plants and sowing machines for straw-plants. Other products were disc harrows, ploughs, rammers and combines for soil preparation, cultivator for maintaining cultures, spare parts for farming machinery.

The services rendered were manufacturing parts for various beneficiaries by use of specialised machinery owned by the company (laser cutting, bending, etc.) as well as services such as supply of utilities and renting available spaces.

The size of product groups in the production manufactured in 2011:



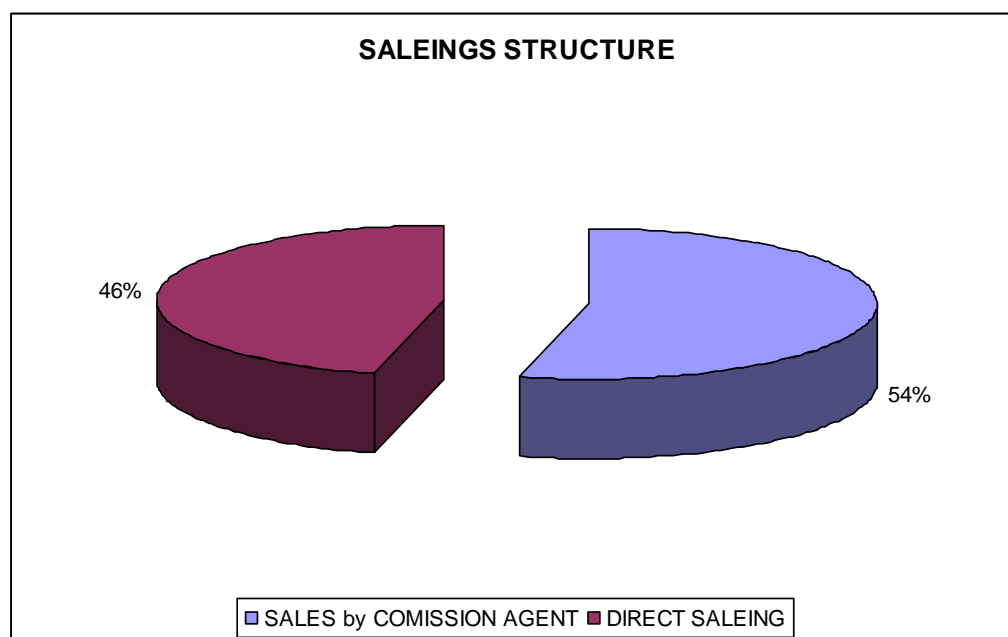
**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEAHLĂU SA
FOR THE YEAR 2011**

1.1.2. a. Main markets for each product manufactured or service rendered and distribution methods

Our main market in 2011 was the domestic one, the sales volume on such market representing 95.2 % of the turnover. The domestic market is an important one with a high potential if we consider the wear and tear of the farming machinery and equipment park, the needed volume of equipment estimated to increase efficiency and productivity in agriculture up to a level similar with the one in the European countries, and the fact that this sector remains an sizeable beneficiary of European grants.

The main products valued on the domestic market are machinery and equipment of the entire production range. On this market, the company has collaborated with a number of 30 agents distributed throughout the country, the most important ones being located in the traditionally farming areas.

The sales volume recorded by means of agents was of 54% and direct sales to domestic beneficiaries were of 46%.



The main products soled on the foreign market are sowing machines for hoeing plants, well know and appreciated by our foreign customers, and the sales volume recorded was of 4,8% of the turnover. On this market, our company has contacts with traditional customers who know and promote our products and act permanently with a view to identifying new customers.

1.1.2.b) The size of each category of product in the total turnover over the last three years. The size of the main products sold in the total turnover of the company over the last three year is as follows:

Share of turnover Products	2009 (%)	2010 (%)	2011 (%)
Sowing machines	41.7	53.5	62.0
Harrows	6.5	5.0	5.0
Controller and earth rammer	5.0	10.0	6.0
Ploughs	1.6	1.8	1.0
Cultivator and tillage cutter	6.9	9.0	16.0
Spare parts	9.0	9.0	7.0
Other products and services	29.3	12.1	3.0

1.1.2 c) New products considered for which a substantial volume of actives in the future financial exercise as well as the development stage of such products

To continue the farming machinery and equipment projects started in the previous years related to the diversifying the offer, funding for 100,000 lei shall be allocated in 2012. New products will be assimilated in manufacturing and homologated in order to promote them on the market and trade them. To implement the objective-two funding was allocated in the amount of 44,000 lei, required to complete the execution of the prototype of the *miscanthus* harvester, equipment started in 2011 and the commissioning of alternative energy systems (wind driven generator + solar panels).

For objectives funded from government funds to be accessed in 2012, financial resources amounting to 159,770 lei shall be allocated (85,000 - value of government funding programme and 74,770 - value financed from own sources).

1.1.3. Assessment of technical and material supply (domestic sources, import sources)

The activity of raw material procurement was carried out problem-free ensuring the material base necessary for production on time. Our trading relationships with suppliers relied on sales- purchase contracts that provided the delivery and payment terms. During 2011, the level of purchase price was relatively constant except for variations of leu/euro exchange. Purchasing decisions were made after analysis of at least three bids required from potential suppliers, selecting the most convenient offer. The categories of suppliers we worked with in 2011 are grouped as follows:

- manufacturers or traders on the domestic market for metallurgical products (profiles in steel, plate, pipes, etc.), assembly parts, bearing, tyres, etc.;
- domestic manufacturers of iron or cast iron died pieces, plastic, and service providers for forged parts, mechanical processing and metal coating;
- foreign manufacturers from Germany and Poland for parts and subassembly necessary to the products manufactured under “Lemken” license and for hoeing plants sowing machines.

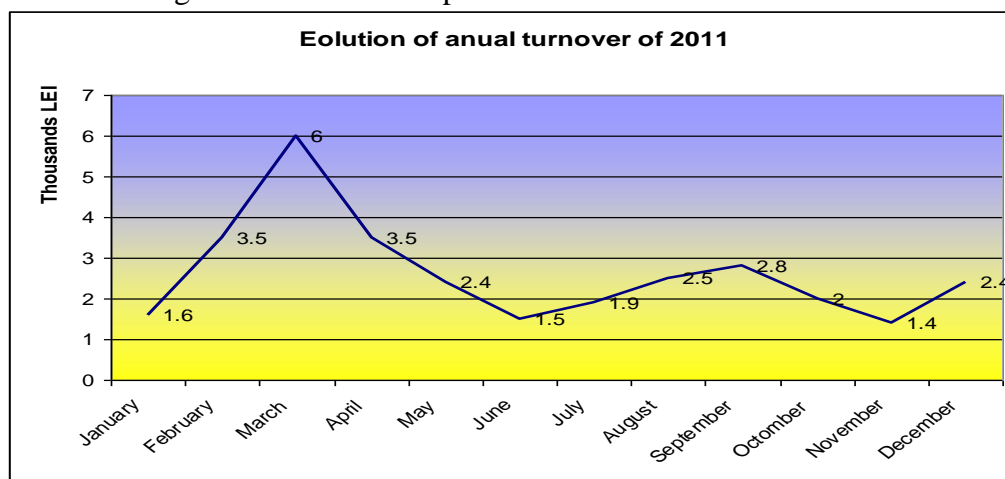
The total value of direct imports in 2011 represents 5.5% of total purchases.

1.1.4. Assessment of sales operations

1.1.4.a) Description of sales evolution by sequence on the domestic and/or foreign markets and medium and long term perspectives of sales

Sales in 2011 were characterised by seasonality, with two major peaks before the start of farming campaigns in spring, i.e. March and April, and autumn, i.e., August and September, respectively. Hence, in March 2011 we recorded a historical peak of sales. Export sales had a major contribution in reaching this level.

Almost all export sales were recorded during the first four months of each year, as the products of main interest are sowing machines for hoed plants.



The evolution presented is significantly influenced not only by the farming season but of weather-related conditions of the respective year, of the existence or lack of financial support granted to farmers, in due time or delayed.

On the farming machine market, during the first part of the year 2011, significant increases in demand were recorded as a result of the competitive farming machines quotations launched at the end of 2010.

A slight increase of sales was maintained during the latter part of the year 2011, owing to the unusually good farming year.

Both on medium and on long term, we consider that the development of farming machine market in Romania is on the rise, owing to the fact that we enjoy the largest agricultural area in the region second only to Poland, and the sixth largest in the European Community, after France, Spain, Germany, Great Britain, and Poland.

1.1.4.b) Description of the competitive situation in the company field and of the main competitors

Competition in the field of farming machinery can be classified as follows:

- well-known companies, renowned in the field, which practise relatively high prices and aim primarily at supporting investment projects carried out by large farms with European funds. These companies (Maschio-Gaspardo, Class, Lemken, New Holland, John Deer) have their own financial support that allows them to finance major stock levels, at the market disposal at any time, can afford to provide customers with important facilities (large discounts, grace periods, transport included, etc..)
- non-EU traders of farming machinery (e.g., Turkey, China) who practise low prices, agreed by a la market share due to lack of liquidity generated by the economic and financial crisis;
- traders of used machinery originating mainly in the European Community at highly affordable prices under the current circumstances;
- domestic manufacturers, the most important of which is MAT Craiova, a competitor for products similar to our portfolio.

Moreover, an important factor as compared to the foreign competitors is the fact that our range of products can adjust easily to the soil structure in Romania and the neighbouring regions, for a medium area land property.

1.1.4.c) Description of any significant dependence of the company on a single customer or group of customers whose loss would have a negative impact on the company revenue

Pursuant to the data relying on the source “Structural Inquiries in Agriculture”, there are some 3,000,000 agricultural exploitations that cultivate the farming land in the country.

Some 80,000 of these farms have between 10 and 50 ha, some 4,500, between 50 and 100 ha and some 8,000 have over 100 ha farms.

Under these circumstances, a company find itself in the situation to depend only on one or a limited group of customers.

1.1.5. Assessment of aspects related to the company employees / personnel

1.1.5.a) Details on the number and educational background of the company’s employees and the degree of labour force organised in unions

The structure of the average number of the company employees in the year 2011 is as follows:

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

Categories of personnel	Average number
- directly productive workers	125
- indirectly productive workers	12
- technical & administrative staff	58
Total average number	195

In 2011, the average numbers of employees was 195, of which 51 employees with higher educational background, 32 employees with secondary education, and 112 employees left vocational schools or have in-service qualifications in trades specific to the company: locksmiths, welders, turners, painters, etc.

Professional training has been also done through training and development in areas such as cutting, casting, painting, assembly and numerical control machines. A total number of 94 employees attended such courses organised by the company and the Technical Association for Professional Training “TACH ING” and multiple qualification training courses in ISCIR-authorized areas organized by CPPP Roznov, Neamt County, funds allocated by the company amounting to 3,104 lei.

Employees members of the Union activate in two unions:

- Free Union “Ceahlău” with 77 members;
- Free Union “TESA” with 113 members.

In compliance with the provisions of the collective working contract, employees benefit from dinner vouchers, protective clothing, antidote, tickets for spa resorts, social allowances for severe diseases and other benefits.

1.1.5.b) Description of the relationships between managers and employees as well as any of conflict-related elements characterising these relationships

The relationships between the executive management and the employees are regulated under the collective working contract and internal regulations. In 2011 and the previous years, there were no work-related conflicts.

1.1.6. Assessment of aspects related to the impact of the company basic activity and the environment

Mecanica Ceahlău SA has environmental authorisation No 159 of 17.06.2010, issued based on the documentation of operation and of the environmental conclusion, valid until 17.06.2020.

Following the analyses conducted by the Neamt County Agency for Environmental Protection, in 2011, in terms of determining pollutants specific to technological processes, Mecanica Ceahlău SA ranks below the maximum admissible limits, as resulting pollution is insignificant. Noise levels gauged outside the production areas are within admissible limits.

Mecanica Ceahlău SA has never had and is not likely to have disputes related to breach of legislation regarding environmental protection. We have a plan, with terms and responsibilities, in place related to the prevention of accidental pollution.

In 2011, Mecanica Ceahlău SA implemented and has applied ever since an integrated system of quality - environment management in compliance with ISO 9001 and ISO 14001.

1.1.7. Assessment of research and development activities

Breakdown of expenditure for the year 2012

Expenditure for research-development activities in 2011 amounted to 61,842.43 lei. Such expenditure was made for the following objectives:

- purchasing documentation for the execution of technical equipment addressing the implementation and harvesting of the energy plant, i.e., *Miscanthus*, (Technical equipment for harvesting tall-grown plants, Technical equipment for harvesting *Miscanthus* seedling and Technical equipment for the implementation of *Miscanthus* cultures), amounting to 49,000 lei;
- purchasing two design licences AutoCAD LT 2012 Com. New SLM, within the programme organised by Autodesk Development S.A.R.L., Puits-Godet 6, CH-2002 Neuchâtel, Switzerland (the company benefited from a 300 euros/licence discount), amounting to 8,878.96 lei;
- purchasing new standards for the design and production activity, amounting to 363.47 lei;
- duties to maintain valid the patents applied in production, amounting to 3,600 lei.

The amount allotted in the revenue and expenditure budget for 2012, under chapter “Government Funded Objectives” from which research projects are funded, is of 159.770 lei. This amount represents the financial resources necessary for the in-progress project within Partnership Programmes, Subprogram Collaborative Applied Research Projects in partnership with INMA Bucharest and Green Energy Association. The project is entitled “Promoting technology in Romania for growing energy willow (*Salix viminalis*) as an alternative source of clean energy” and aims at assimilating into the manufacturing process of equipment to plant and harvest energy willow. The project will run for three years (total project value for Mecanica Ceahlău SA is 685,385 lei, of which 372,000 is the amount funded from the programme and 313,385 lei amount financed from own sources, respectively).

For the chapter “Patents” the amount in the revenue and expenditure budget for 2012 is 9,000 lei. This amount represents fees and duties to maintain the patents applied in production in force and to submit documentation with a view to being granted new patents.

1.1.8. Assessment of the company with a view to risk management

1.1.8.a. Description of the company’s exposure to price, credit, liquidity, and cash flow risk

In terms of *risk management*, we consider as basic principles the following: drafting materials with a view to identifying, measuring, and controlling risks associated with each potential decision and improvement of the company management performance in the context of defining, measuring, and assessing consequences, adopting uncertain decisions.

Risk management policies used by the company to deal with such risks are described in the paragraphs herein below.

a) Market price risk

Market price risk is the risk that prices of goods purchased and sold may fluctuate unfavourably as a result of market price changes. Covering the market price the company is subject to is administered by concluding firm contracts with business partners, both suppliers of raw materials and customers.

b) Credit risk

Credit risk occurs whenever a partner’s failure to fulfil its obligations could reduce in-coming cash flow from the current trading receivables as of the balance sheet date. The company is not exposed to significant credit risk. The company management applies specific policies to ensure that the sale of products and services against payment on time is made by reliable partners so that trade credit granted to be recovered under the contract. If there is insufficient information about a customer or if there is some risk to its solvency, the company uses certain methods such as advance payment or payment guarantee (promissory notes or cheques). The company has also internal control mechanisms which continuously monitors the age of receivables.

c) Liquidity risk

Liquidity risk occurs whenever due debts cannot be paid due to lack of availability generated by failures to cash due receivables, i.e., malfunction between collection of expected availability and payments to be made occurs. The company policy with respect to liquidity risk is to ensure, as far as possible, that the company has at all times sufficient cash to pay its debts when they fall due. Moreover, by means of the loans to finance current activities, the company can fill the cash gap that may occur at a given time. There are procedures to monitor such malfunction.

d) Currency risk

Currency risk is the risk that the national currency may weaken against the major currencies. Currency risk occurs whenever the company's commercial transactions are conducted in a currency other than the local one, or depending on the exchange rate of a foreign currency. End products of the company are sold on foreign markets as well, and some of the goods necessary for the activity are purchased on foreign markets, being mainly expressed in currencies such as the euro. The company management monitors the fluctuations in the exchange rate of the currency receivables, payables, the contracts the company are expressed in, intervening whenever possible with procedures to cover such risks.

e) Interest rate risk on cash flow

Interest rate risk is the risk that for the value of the interest to fluctuate due to the changes undergone by interest rates on the inter-bank market. The result of the financial activity or cash flows of the company may be affected by interest rate fluctuations on the market, as the company has short-term loans, which bear interest and a variable component as well. The company management monitors on a permanent basis the interest rate fluctuations and act accordingly.

f) Economic environment risk

The effects of the deterioration of economic conditions worldwide and in Romania have affected adversely the activity of all participants in the economy, the company's activities making no exception. Although there are signs of mild invigoration of the economic state of affairs, it is difficult to predict whether this trend will continue or whether there is any possibility for such economic indices or economic conditions to worsen.

1.1.8.b. Description of the company policies and objectives with respect to risk management

Mecanica Ceahlău SA monitors risks by means of the policies implemented for the following risks identified:

- strategy risk - the occurrence of some risks unforeseen in the general strategy of the company, due to risks at the macroeconomic level;
- economic environment risk - risks due to changes in the local, national, European, or world economic environment;
- risk of continuing operations - the possibility of losing some key suppliers due to the relatively reduced supplier portfolio;
- risk of the plan to continue the operations - risks due to the lack of some contingency plans to continue operations in extreme situations;
- competition risk - a risk due to the intensification of competition and failure to identify counter-solutions thereof.

The company management considers that they take all steps necessary to support the growth of the operations under the current market circumstances by:

- preparing some strategies to manage the liquidity crisis and setting some measures to prevent liquidity crises like to occur;

- constant monitoring liquidities;
- providing provisions for the current liquidity;
- daily monitoring of treasury flows and assessment of effects on its creditors of the limited access to funds and the possibility to grow its domestic operations.

Internal Checking

In Mecanica Ceahlău SA, ensuring internal control focuses mainly on the internal accounting and financial control and internal auditing.

In as far the internal control is concerned, we focus on the following basic principles:

- Observance of regulations specific to the company activity;
- Observance of internal norms of the working procedures and resolutions of the management and surveillance of the company operations.

Internal accounting and financial control of the company considered the assurance of accounting and a financial monitoring of the operations in order to meet the objectives defined.

In terms of accounting rules, the company has drafted:

- the accounting policy manual;
- procedures to apply such manual;
- knowledge of the development of accounting and fiscal legal framework;
- conducting specific checking in sensitive areas;
- identifying abnormalities and their appropriate treatment;
- adjusting computer software to the needs of the entity;
- compliance with accounting regulations;
- ensuring accuracy and comprehensiveness of accounting books;
- observance of the quality of the date in the books and financial statement so that they would satisfy the users' needs.

Internal auditing

Internal auditing is an outsourced activity and has been conducted pursuant to the commitment plan established in compliance with the company objectives. Internal auditing plan and the necessary resources were approved by the auditing committee and by the Board of Directors. In addition, significant changes occurred were submitted to approval.

The 2011 auditing plan was approved in the Board of Directors' meeting of 28.02.2011. For each internal auditing assignment, a plan was designed that includes the area of applicability, the objectives, the calendar, and allocation of resources.

When planning each assignment, the following are considered:

- the objectives of the activity assessed and the means such activity is checked;
- the significant risks related to the activity and the means to maintain the potential risk impact at an acceptable level;
- how adequate and efficient the risk management and control systems are, with respect to the checking framework;
- opportunities to significantly improve the risk management and control systems.

When designing the objectives of the mission, the risk that errors, inconsistencies, non-compliance, and other such significant exposures may occur was considered.

Internal auditing missions conducted in 2011 targeted sales, the annual financial statement drafted on 31 December 2010, disputes that may affect the patrimony of Mecanica Ceahlău SA, human resources management, mid-year accounting report drafted on 30 June 2011 and company stocks.

In the internal auditor's opinion, the outcome of the activity, conclusions, recommendations as well as the measures applied throughout the development of the audit were included in the internal auditing reports that were submitted to the auditing committee and the Board of Directors.

Based on the conclusions and recommendations the internal auditor made, the Board of Directors took the necessary steps to manage the risks identified.

1.1.9. Prospective Elements regarding the company trading operations

1.1.9.a) Presentation and analysis of uncertain trends, elements, events or factors affecting or that are likely to affect the company liquidity as compared to the same time the previous year

The most important factor of uncertainty affecting the company liquidity is the lack of financial support of farming by means of governmental policies. Agriculture is an economic activity, which needs financial support. The lack of such support or delays in providing it may affect the liquidity of Mecanica Ceahlău SA.

Following the economic and financial crisis, we define a factor that which may affect liquidity and the situation when certain customers find themselves incapable of paying. Assuming that the economic and financial crisis already felt continues to produce negative effects with implications in the economic and financial indices of Mecanica Ceahlău SA, the company could implement another action plan in 2012.

1.1.9.b) Presentation and analysis of effects the current or anticipated capital expenditure may have on the company financial standing as compared to last year

In 2011 no capital expenditure were recorded, nor is such expenditure estimated to be recorded in 2012 as well.

1.1.9.c) Presentation and analysis of events, transactions, trading exchanges which may have a significant effect on the company revenues form its basic operations

The economic and financial crisis as well as the difficulty of carrying out structural programs for agriculture and rural development also affected in 2011, to a certain extent, the revenues of the company. It is likely that, in case the government does not involve in supporting agriculture by means of special programmes, the revenue of the company is also unfavourably affected in 2012 as well.

2) Corporeal assets of the trading company

2.1. Details on the location and features of the main production capacities owned by the company

The main locations owned by the company are:

I. Location in Piatra Neamț, Str. Dumbravei Nr. 6

- area of premises = 141,248 mp, land + buildings
- built area = 49,214 mp of which:

a) production areas = 32,609.13 mp,

b) available areas = 16,604.87 mp

II. Location in Piatra Neamț, Str. Aurel Vlaicu Nr. 34 (in the town centre)

- area of premises = 23,235 mp, land + buildings
- built area = 8,580 mp, of which:

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

- a) production areas = - mp,
b) available areas = 8,580 mp

III. Location in the town of Târgu Neamț (outside town premises), lot Valea Seacă = 6,691 mp, available area 6,691 mp.

2.2. Description and analysis of wear and tear of the properties hereinabove

Mecanica Ceahlău SA has a total number of 1,111 fixed assets amounting to a total inventory value of 24,144,917 lei and a value to be depreciated of 12,501,296 lei.

According to their wear and tear code, such fixed assets can be grouped as shown in the table below:

- lei -

Groups	Inventory value	Depreciation value	Remained value	Average wear and tear (%)
Buildings	8,425,180	1,972,195	6,425,985	23.41
Technical installations and equipment	15,531,997	9,564,239	5,967,758	61.58
Other installations, equipment and furniture	187,740	107,188	80,552	57.09
TOTAL	24,144,917	11,643,622	12,501,295	48.22

2.3. Stating potential issues related to right of ownership over the company corporeal actives

Mecanica Ceahlău SA has ownership titles over all corporeal actives.

3) Market of movable assets issued by Mecanica Ceahlău SA

3.1. Stating the markets in Romania and abroad where movable assets issued by Mecanica Ceahlău SA are negotiated

Shares of Mecanica Ceahlău SA are traded on the Bucharest Stock Exchange, symbol MECF.

3.2. Description of company policy with respect to dividends

Between 2004 and 2007, Mecanica Ceahlău SA capitalised the profit, such option being both the shareholders' interest and to the company's. As in 2008 and 2009 the outcome of the financial exercise was loss, there were no dividends calculated and granted. In 2010, the profit obtained was assigned to covering the loss in previous years.

The Board of Directors proposes to the General Shareholders' Meeting that the net profit of the 2011 financial exercise, i.e., the amount of 7,246,828 lei, to be divided as follows:

- legal reserves, i.e., the amount of 396,202 lei (as per article 183, paragraph 1 of Law 31/1990 regarding the trading companies, republished, with subsequent amendments and completions);
- covering accounting loss recorded in the previous years, i.e., the amount of 6,850,626 lei.

3.3. Description of any company activity with respect to purchasing own shares

Mecanica Ceahlău SA has not purchased its own shares.

3.4. Stating the number and nominal value of shares issued by the mother company held by subsidiaries

Mecanica Ceahlău SA has no subsidiaries.

3.5. Bonds and/or other receivables titles issued by Mecanica Ceahlău SA

Mecanica Ceahlău SA has not issued bonds or other receivables titles.

4) The Company Management

4.1.a) List of company managers

The Board of Directors of Mecanica Ceahlău SA elected by the Ordinary General Shareholders' Meeting of 29.06.2008 and completed by the Ordinary General Shareholders' Meeting of 29.01.2010 has the follows members:

Chair: Bontaș Dumitru, 65, an engineer, a graduate of the "Gheorghe Asachi" Technical University in Iași, Faculty of Mechanics, major: Machinery and Tools. Other specialities: PhD, academic (professor) of subjects such as "Business Management," "Human Resources Management," and "General Management" at "George Bacovia" University in Bacău, representative of Owners' Association UGIR Bucharest, member of the Board of Directors of SIF Moldova SA [Financial Investment Company Moldova] SA Bacău. He has been chairing the Board of Directors since 29.06.2008.

Deputy Chair: Marin Liana, 55, an economist, a graduate ASE Bucharest, Faculty of Economic Cybernetics, course in economic management - England, course in international standard of auditing, course in financial management - CODECS, consultant in investment, financial auditor, member of the Chamber of Financial Auditors in Romania, an expert accountant, a CECCAR member, a master degree in financial and accounting management, 32 years experience in the field, a director of finances of SIF Moldova SA [Financial Investment Company Moldova] SA Bacău. She has been the Deputy Chair of the Board of Directors since 29.06.2008.

Eșanu Vasile Romeo, 51, an engineer, a graduate of "Gheorghe Asachi" Technical University in Iași Faculty of Civil Engineering, major: Installations. Other specialities: expert evaluator a) company evaluation, b) evaluation of movable assets, c) evaluation of real estates, legal and administrative proceedings for liquidation of companies, capital placements and stock market operations, courses organised by CNVM, accounting, courses organised by CECCAR, Enterprise Evaluation Cooper&Lybrand, SWOT analysis and portfolio management, consultant for investments CPS Milenium. He has been a member of the Board of Directors since 29.06.2008.

Ianculescu Carmen, 43, consultant in international business, a graduate of the Romanian - American University in Bucharest. Other specialities: a master degree in international business. She has been a member of the Board of Directors since 29.01.2010.

Chiș Vasile Marius, 33, an economist, a graduate of the Faculty of Economic Sciences in Cluj-Napoca. Other specialities: financial analyst. He has been a member of the Board of Directors since 29.01.2010. Other specialities: expert evaluator a) evaluation of companies, b) real estate evaluation; a member of ANEVAR.

4.1.b) Agreements, understandings, or family relations between the administrator and a third party whom the administrator owes their appointment

There are no known agreements, understanding, or family relations between the respective administrator and a third party to whom such administrator owes their appointment

4.1.c) Participation of the administrators to the company social capital

None of the administrators has an interest in Mecanica Ceahlău SA shares.

4.1.d) Lists of people affiliated to the company

Person affiliated to the company: SIF Moldova SA.

4.2) List of members of executive management

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEHLĂU SA
FOR THE YEAR 2011**

4.2.a) The company Executive Management is as follows:

Director General – Timaru Neculai, 60, a graduate of Polytechnic Institute in Bucharest, Faculty of Agricultural Mechanics. Post-graduate courses in management and various professional development course in the country and abroad. Experience: 36 years, of which 21 as a director or CEO.

Director of Trade - Botezatu Cornel, 54, a graduate of the Polytechnic Institute in Iasi – Faculty of Technology of Machine Engineer. Training courses in “Management of Restructuring and Development of Economic Agents,” and “Business Management,” “Project Manager” Certificate. Activity in the company: 31 years, of which 16 years in the managerial team.

Director of Finances – Marian Gabriela, 55, PhD in Economics - ASE Bucharest, Faculty of Management; a graduate of the Faculty of Economic Sciences, “Alexandru Ioan Cuza” University Iași, major: Economics of Industry, Constructions, and Transport; financial auditor, member of the Chamber of Financial Auditors in Romania; project manager, certificate of completion Serial E 0208426 MMFES and MEET; accounting expert, a CECCAR member. Total experience in economic positions: 31 years, of which 18 in managerial positions.

The executive directors signed a management contract valid until 30 April 2013.

4.2.b) Agreements, understandings, or family relations between people in the executive management and a third party appointed as a member of the executive management

There are no known agreements, understanding, or family relations between people in the executive management and a third party appointed as a member of the executive management.

4.2.c) Participation of the executive management to the company social capital

Participation of the Executive Management to the company social capital on 17.01.2012 is as follows:

Full name	Number of shares held in Mecanica Ceahlău SA	Percentage of the total (%)
Timaru Neculai	3,690	0.00154
Botezatu Cornel	330	0.00014
Marian Gabriela	149,670	0.06239

4.3) Disputes or administrative procedures where managers and members of the executive management were involved over the last five years

There are no known disputes or administrative procedures where managers and members of the executive management were involved over the last five years in relation to their activity within the company.

4.4) Elements of corporate governance

During 2011, as during the previous period, Mecanica Ceahlău SA paid due attention to OECD principles of Corporate Governance and to the Corporate Governance Code of the Bucharest Stock Exchange.

The Board of Directors consists of five members, a number that corresponds to the current and future needs of the company. A chairperson and a deputy chair were elected in the board. The chair of the Board is not the CEO, nor do the other members of the board hold executive positions in the company.

An auditing committee, an appointing committee and a remuneration committee were elected, from some of the board members. All committees conducted their activity based on the action plans approved by the Board.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEAHLĂU SA
FOR THE YEAR 2011**

In compliance with the Code of Corporate Governance of the Bucharest Stock Exchange, at the company level, the position of a secretary general of the board was created having specific assignments in ensuring the overall framework of a good preparation of analyses in the board meetings and general shareholders' meetings, record keeping and monitoring the resolutions adopted when analyses are conducted, and compliance with legal provisions regarding the shareholders' rights and company responsibilities as a company whose shares are traded on the capital market.

Both in 2011 and during the previous years, we ensured a fair treatment of all shareholders by promoting effective and proactive communication with them.

Necessary conditions were provided to shareholders regarding information, posted on the company website and via General Secretariat of the Board, on both the financial results and all relevant aspects of the overall activity of the company.

Taking into account that some 40% of the company shares are held by shareholders residing abroad, materials related to convening and development of the general meetings were posted on the company website both in Romanian and in English. Owing to the concern of the Board to harmonize the shareholders' interest with the company's interest, we succeeded to ensure significant attendance of shareholders at such general meetings in 2011. All meetings were held on the first date convened with a representation percentage of over 80% of the total number of shares issued by the company.

With respect to the issues analysed and resolutions taken at the general shareholders' meetings in 2011, reports were prepared and published in compliance with legal regulations in force.

In compliance with legal regulations in force, the By-Laws of Incorporation, the resolutions adopted by the general shareholders' meetings and their own procedures, in 2011, the Board of Directors continued the company's strategy of adjusting the company to global economic and financial crisis, succeeding in ensuring via the actions initiated the continuation of productive operations, maintaining the products in the portfolio on the market as well as meeting the objectives set in the action plan and the revenue and expenditure budget.

In order to analyse various aspects of the company, in 2011, the Board of Directors convened in 15 working sessions.

The executive directors attended every meeting and sometimes, depending on the issues on the agenda, other people, such as heads of departments or specialists in various fields, members of unions in the company, etc., were invited and attended such meetings.

Based on the annual indicative topics, as top priority was listing on the agenda the Board of Directors the reports of the executive directors on the achievement of the production schedule during the previous month and provisions for the next month, ensuring the resources necessary to meeting production targets, the sales strategy and schedule, financial and economic outcomes and meeting the targets in the revenue and expenditure budget, with associated programmes, status of stocks, company debts and disputes, the progress of the resolution adopted by the general shareholders' meetings their own resolutions.

During the analyses scheduled and achieved by the Board of Directors, a special attention was also paid to meeting the goals set with respect to the secondary operation of the company, to optimizing production costs with a view to increasing profitability, improving product and services quality, carrying out the investment works.

In the Board of Directors' meetings, all conclusions of the internal auditing were presented and analysed. Upon such occasions, concrete measures were set, each time, with a view to removing deficiencies and preventing risks which could arise under the circumstances the company conducts its operations.

All Board of Directors meetings resulted in adopting the issues analysed, resolutions that were introduced in a rigorous record and monitoring system, set at the level of the general secretariat thereof.

5) ECONOMIC AND FINANCIAL STATEMENT

Individual financial statements are drafted and presented in compliance with the principle of continuing the activity, with Law of Accounting 82/1991 republished, with Bookkeeping Regulations, with comply with the Fourth Directive of the European Economic Community, applicable, approved by Order of the Minister of Public Finances No 3055/2009 with subsequent amendments and completions.

Auditing of unconsolidated financial statements is conducted by Audit Serv SRL.

The currency in the financial reports is leu.

The economic and financial status as compared to the last three years is given in Appendix 2.

5.1.a) Elements of balance sheet

Main active elements:

- Land and buildings worth 18,497,964 lei representing 36.79 % of total active;
- Technical installations and equipment worth 5,865,709 lei representing 11.67 % of total active;
- End products and goods worth 4,763,498 lei representing 9.47 % of total active;
- Trading receivables worth 6,580,267 lei representing 13.09 % of total active.

Main passive elements:

- Reserves from revaluation worth 17,911,201 lei representing 35.63 % of total passive;
- Subscribed and paid capital worth 23,990,846 lei representing 47.72 % of total passive;
- Amounts due to crediting bodies (under one year) worth 2,981,094 lei representing 5.93% of total passive;

5.1.b) Profit and loss account

Indices exceeding 20% of the total turnover:

- production sold worth 29.669.242 lei representing 93.95 % of turnover;
- expenditure with raw materials and consumables worth 8.958.201 lei representing 28.37 % of turnover;
- personnel-related expenditure worth 6.036.730 lei representing 19.12 % of turnover;

5.1.c) Cash flow

Status of net cash flow generate by operations are given under sub-clause 1.1.1 and Appendix 3.

5.1.d) Meeting the BVC and objectives set for the year 2011

The revenue and expenditure budget for the year 2011, approved by the Ordinary General Shareholders' Meeting on 28.01.2011 was met as shown in the table below:

– lei –

#	Indices	BVC 2011	Achievements
1	Turnover	21,500,000	31,578,535
2	Total revenues	21,275,000	31,348,985
3	Total expenditure	20,497,955	23,424,940
4	Gross profit	777,045	7,924,045
5	Net profit	777,045	7,246,828

Turnover achieved at 146.88%.

Total revenues amount to 31,348,985 lei, i.e., 147.35 % as compared to the approved budget. Total revenues were met mainly owing to exceeding the budgeted turnover by 46.88 %.

**REPORT OF THE BOARD OF DIRECTORS
MECANICA CEAHLĂU SA
FOR THE YEAR 2011**

Total stocks amount to 7,747,394 lei a drop by 1,506,152 lei as compared to the value recorded at the beginning of the year due to the reduction of end products and goods stock by 2,487,113 lei.

Total expenditure recorded a level of 23,424,940 lei, i.e., 114.28 % as compared to the approved budget.

The total receivables, as compared with the beginning of the year 2011, decreased by 3,122,908 lei owing to the decrease of trading receivables by the amount of 2,853,593 lei and the decrease of other receivables by 269,315 lei, by means of the company policy undertaken in trading contracts and decrease of rotation of customers' receivables to 110 days (to be compared with 216 days in 2010).

The total receivables, as compared with the beginning of the year, decreased by 4,390,043 lei mainly owing to the decrease of the amounts due to crediting bodies by 5,323,848 lei and decrease of receivables to leasing companies.

Debts to banks amount to 2,981,094 lei of which undertaken credit in lei in the amount of 2,185,031 lei and credits undertaken in currency in the amount of USD 238,392. Debts to crediting bodies are within the limits approved by the Ordinary General Shareholders' Meeting of 2010 in the amount of 9,850,000 lei and USD 299,993, respectively.

The activity of the company Board of Directors, of the executive management, and of the employees relies on the following general goals:

- continuing the company's operations;
- maintaining the market share;
- improving performance indices.

For the year 2012, the Board of Directors aims at meeting the specific objectives approved by the budget of revenues and expenditure, attracting new partners competent in attracting European structural funds within technological upgrading projects, modernization of current products and development of new products, with predictable benefits for the shareholders.

Professor Dr. Ing. Dumitru Bontas
CHAIR OF THE BOARD OF DIRECTORS,

Ing. Neculai Timaru
CEO

Ec. Gabriela Marian
DIRECTOR OF FINANCES

**INVESTMENT PLAN
 IMPLEMENTED ON 31.12.2011**

#	OBJECTIVE	VALUE OF IMPLEMENTED INVESTMENTS	OBSERVATIONS
0	1	2	3
I	<u>TECHNOLOGICAL DEVELOPMENT</u> a) <i>CNC Lathing Centre</i>	357,055	
II	<u>ENERGY, UTILITIES, SERVITUDES</u> a) <i>Modernising the industrial water distributing ring and fire prevention and fighting</i>	83,273	
	b) <i>Modernising transformer units - equipment with automatic condenser battery</i>	14,699	
III	<u>ENVIRONMENT, HEALTH AND SAFETY</u> a) <i>Ceramic radiant heating installations for the production</i>	85,839	
	b) <i>Modernising buildings and production areas</i>	139,708	
IV	<u>EQUIPMENT WITH COMPUTERS, OFFICE AND COMMUNICATIONS FACILITIES</u> a) <i>equipment with computers</i>	25,478	
	b) <i>equipment with software and Office 2010 licenses</i>	8,716	
V	<u>DEVELOPMENT OF TRADING OPERATIONS</u> a) <i>Equipment with cars amounting to 14,798 lei</i>	14,798	
TOTAL GENERAL INVESTMENTS IMPLEMENTED – 2011		738,445 Lei	

Ing. Neculai Timaru
 CEO

Ec. Gabriela Marian
 DIRECTOR OF FINANCES

A. ELEMENTS OF BALANCE SHEET

I. Active representing 10% of total actives

-lei-

#	Analytical indices in the balance sheet which exceed 10 % of total actives	2009	2010	2011	% in total active 2011
	TOTAL ACTIVES	54,478,723	48,062,193	50,276,233	100.00
	10 % of total actives	5,447,872	4,806,219	5,027,623	10.00
1.	Land and buildings	18,962,914	18,845,500	18,497,964	36.79
2.	Technical installations and machinery	6,193,163	6,097,089	5,865,709	11.67
3.	End products and goods	10,234,133	7,250,611	4,763,498	9.47
4.	Trading receivables	9,273,414	9,433,860	6,580,267	13.09

II. Passives representing 10% of total passives

- lei -

#	Analytical indices in the balance sheet which exceed 10 % of total passives	2009	2010	2011	% in total passive 2011
	TOTAL PASSIVES	54,478,723	48,062,193	50,276,233	100.00
	10 % of total passives	5,447,872	4,806,219	5,027,623	10.00
1.	Reserves from revaluation	19,636,462	19,231,370	17,911,201	35.63
2.	Subscribed and paid capital	23,990,846	23,990,846	23,990,846	47.72
3.	Amounts due to crediting bodies (under 1 year)	11,895,058	8,304,942	2,981,094	5.93

B. PROFIT AND LOSS ACCOUNT

-lei -

#	Analytical indices in the profit ad loss account exceeding 20 % of turnover	2009	2010	2011	% in total turnover 2011
	NET TURNOVER	17,394,570	22,201,451	31,578,535	100.00
	20 % of turnover	3,478,914	4,440,290	6,315,707	20.00
1.	Production sold	16,159,885	19,937,317	29,669,242	93.95
2.	Expenditure on raw materials and consumables	5,189,171	6,262,696	8,958,201	28.37
3.	Expenditure on personnel	5,132,692	4,757,290	6,036,730	19.12

Ing. Neculai Timaru
CEO

Ec. Gabriela Marian
DIRECTOR OF FINANCES,

TREASURY CASH FLOW STATEMENT ON 31.12.2011

Name of the item	Row	Period	
		Financial exercise closed on 31 December 2010 (lei)	Financial exercise closed on 31 December 2011 (lei)
A		1	3
Treasury cash flow from exploitation activities			
Cash from customers	1	27,173,612	42,661,798
Payments to suppliers and employees	2	19,537,611	27,273,035
Interests paid	3	1,531,138	527,560
Tax on profit paid	4	8,250	343,755
Net treasury from exploitation activities Row1- (Row2+Row3+Row4)	5	6,096,613	14,517,448
Payments from purchasing corporeal immovables	6	830,418	977,651
Cash from sales of corporeal immovables	7	0	0
Cashed interest	8	225,702	281,646
Net treasury of investment Rd7+Rd8 - Rd9	9	(604,716)	(696,005)
Cash from issued shares	10	0	0
Cash from short-term loan	11	207,683,280	10,175,864
Payment of short-term credits	12	211,126,989	15,186,673
Payment of long-term credits	13	0	
Payment of debts related to financial leasing	14	5,125,749	1,974,518
Net treasury of financing activities (Row10 + Row11) - (Row12 + Row13 + Row14)	15	(8,569,458)	(6,985,327)
Net growth of treasury and treasury equivalents Row5 +Row9 + Row15	16	(3,077,561)	6,836,116
Treasury and treasury equivalent at the beginning of the financial exercise	17	6,600,282	3,522,721
Treasury and treasury equivalent at the close of the financial exercise Row16 + Row17	18	3,522,721	10,358,837

Ing. Neculai Timaru
CEO

Ec. Gabriela Marian
DIRECTOR OF FINANCES,