



S.C. MECANICA CEHLĂU S.A.®

FONDATĂ ÎN 1921

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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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DIRECTIONS OF OPERATIONS AND BUDGET OF REVENUE AND EXPENDITURE FOR 2014

A. The directions of operation for the year 2014 have been designed and conducted relying on six projects that vary in size and complexity, funded from the company own sources. The projects aim at ensuring that the company turns into an important regional manufacturer of farming equipment, into a profitable company.

The strategic objectives of the projects undertaken for 2014 focus on changes both from the viewpoint of sales and renewing production technology that would result in more efficient costs.

The projects are grouped according to specific activities as follows:

- ✓ two projects aim at defining a new sales structure and distribution as well as defining partnerships;
- ✓ two projects aim at defining the product mix and renewing technology;
- ✓ two projects concern human resources and more efficient costs.

B. Investment Programme

The investment planned to be carried out in 2014 amounts to 3,299,600 lei.

The objectives of the 2014 investment programme 2014 focus on:

1. specific investments to implement the sales and distribution project;
2. updating and renewing the technology of production flows in order to increase the product quality and reduce production costs by purchasing new machine-tools, equipment and installations in the field of technological development.

C. Approval of the Budget of Revenue and Expenditure for 2014

As the company's operations rely on the principle of continuous activity, the harmonisation of the short-term directions of operations and objectives with the long-term objectives have that the basis of the Budget of Revenues and Expenditure – 2014 to start from the analysis of the achievements recorded until 31/12/2013, by approaching some main working hypotheses, as follows:

- ✓ the manifest trends on the farming equipment/machinery market;
- ✓ the prognosis considered for 2014;
- ✓ influences not relying on certain information to anticipate results have not been estimated.

		Recorded 2012	Recorded 2013	BR&E 2014
1	Material costs	10,685,628	8,980,446	9,272,000
2	Costs related to sales of goods	290,280	40,066	0
3	Costs related to personnel	6,520,573	6,523,374	7,020,000
4	Dinner vouchers	410,332	412,583	395,000
5	Amortisations Fixed Assets	1,607,082	1,759,422	1,755,000
6	Expenditures with third parties	3,766,483	3,733,458	5,000,000
7	Financial costs	499,945	393,606	375,000
8	Costs related to tax and duties	169,778	179,719	240,000
9	Other exploitation costs	92,857	97,571	27,000
10	Expenditure (row 1 to 9)	24,042,958	22,120,245	24,084,000
11	Revenues from production sold	28,300,198	22,941,900	22,800,000
12	Revenues from sales of goods	337,916	150,689	0
13	Revenues from services and other sales	858,584	924,805	800,000
14	Turnover (row 11 to 13)	29,496,698	24,017,394	23,600,000
15	Revenues from pertaining variation cost of in-progress production	764,181	1,207,680	2,070,000
16	Other revenues from exploitation	638,345	282,305	250,000
17	Financial revenues	873,256	621,762	400,000
18	Total revenues (row 14 to 17)	31,772,480	26,129,141	26,320,000
19	Revenues from adjustment of provisions	(845,362)	3,565,048	0
20	Total Expenditure (row 10+row 19)	23,197,596	25,685,293	24,084,000
21	Gross Profit (row 18 to 20)	8,574,884	443,848	2,236,000
22	Manufacture programme	18,474,122	16,065,877	16,100,000

The main performance indices in the Budget of Revenues and Expenditures for 2014:

- Turnover 23,600,000 lei
- Total revenues 26,320,000 lei
- Total Expenditure 24,084,000 lei
- Gross Profit 2,236,000 lei

CHAIR OF THE BOARD OF DIRECTORS,

Catalin Iancu