

MECANICA CEHLAU INC PIATRA NEAMT

**FINANCIAL SITUATIONS
ON the 31st of December 2010**

ELABORATED ACCORDING TO

- **ACCOUNTING LAW NO.82/1991 – REPUBLISHED**
 - **ORDER OF THE MINISTRY OF PUBLIC FINANCES NO. 3055/2009**
- FOR THE APPROVAL OF THE ACCOUNTING RULES ACCORDING TO THE DIRECTIVE NO.IV OF THE EUROPEAN ECONOMIC COMMUNITY, MODIFIED AND COMPLETED BY THE ORDER OF THE MINISTRY OF PUBLIC FINANCES NO. 2869/2010**

MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

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MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

BALANCE
On the 31st of December 2010

	Raw n.	Balance 1 st of January <u>2010</u>	Balance 31 st of December <u>2010</u>
A. UNMOVABLE ASSETS			
I. INTANGIBLE UNMOVABLE ASSETS			
1. Set up costs (ct.201-2801)	1	-	-
2. Development costs (ct. 203-2803-2903)	2	-	-
3. Leases, patterns, licenses, trade marks, similar rights and actives And other intangible immobilizations (ct.2051+2052+208-2805-2808- 2905-2908)	3	274.648	218.470
4. Commercial fund (ct. 2071-2807-2907)	4	-	-
5. Advances and intangible unmovable assets in process (ct. 233+234-933)	5	-	-
TOTAL (raws 01 to 05)	6	<u>274.648</u>	<u>218.470</u>
II. TANGIBLE ASSETS			
1. Lands and constructions (ct. 211+212-2811-2812-2911-2912)	7	18.962.914	18.845.500
2. Technical plants and machines (ct. 213-2813-2913)	8	6.193.163	6.097.089
3. Other plants, tools and furniture (ct. 214-2814-2914)	9	105.138	94.984
4. Advances and tangible unmovable assets in process (ct. 231+232-2931)	10	236.881	43.166
TOTAL (raws 07 to 10)	11	<u>25.498.096</u>	<u>25.080.739</u>
III. FINANCIAL UNMOVABLE ASSETS			
1. Shares held by affiliated entities (ct. 261-2961)	12	-	-
2. Loans granted to the affiliated entities (ct. 2671+2672-2964)	13	-	-
3. Attendance interests (ct. 263-2962)	14	51000	7.330
4. Loans granted to the entities based on attendance interests (ct. 2673+2674-2965)	15	-	-
5. Investments held as unmovable assets (ct. 265-2963)	16	8.092	7.370
6. Other loans (ct. 2675+2676+2678+2679-2966-2968)	17	-	-
TOTAL (raw 12 to 17)	18	<u>59.092</u>	<u>14.700</u>
UNMOVABLE ASSETS - TOTAL(rd. 06+11+18)	19	<u>25.831.836</u>	<u>25.313.909</u>
B. CURRENT ASSETS			
STOCKS			
1. Raw materials and consumable materials (ct.301+3021+3022+3023+3024+3025+ 3026+3028+303+/-308+351+358+ +381+/-388-391-3921-3922-3951-3958-398)	20	1.276.914	1.219.219
2. Production in process (ct. 331+332+341+/-3481+3541-393-3941-3952)	21	748.259	772.781
3. Finished products and goods (ct. 345+346+/-3485+/- 3486+3545+3546+356+357+361+/-368+371+/-378-3945-3946-3953-3954- 3956-3957-396-397-4428)	22	10.234.133	7.250.611
4. Advances for stock acquisition (ct. 4091)	23	11.065	10.935

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TOTAL: (raw 20 to 23)	24	<u>12.270.371</u>	<u>9.253.546</u>
		Balance 1st of January 2010	Balance 31st of December 2010
	Nr. rd.		
DEBTS			
1. Commercial debts (ct.2675+2676+2678+2679-2966-2968+4092+411+413+418-491)	25	9.273.414	9.433.860
2. Amounts which are about to be cashed from the affiliated entities (ct. 451-495)	26	-	-
3. Amounts to be cashed from the affiliated entities based on attendance interests (ct. 453-495)	27	-	-
4. Other debts (ct.425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187)	28	328.358	411.624
5. Subscribed and unpaid capital (ct. 456-495)	29	-	-
TOTAL (raw 25 to 29)	30	<u>9.601.772</u>	<u>9.845.484</u>
III. INVESTMENTS ON SHORT TERM			
1. Shares held by the affiliated entities (ct. 501-591)	31	-	-
2. Other investments on short term (ct. 505+506+508-595-596-598+5113+5114)	32	-	-
TOTAL (raw 31 + 32)	33	=	=
IV. CASH REGISTER AND ACCOUNTS IN THE BANKS			
(ct. 5112+512+531+532+541+542)	34	<u>6.600.282</u>	<u>3.522.721</u>
CURRENT ASSETS - TOTAL(rd. 24+30+33+34))	35	<u>28.472.425</u>	<u>22.621.751</u>
C. EXPENSES IN ADVANCE (ct. 471)	36	<u>174.462</u>	<u>126.533</u>
D. DEBTS WHICH MUST BE PAID WITHIN ONE YEAR			
1. Loans from the release of physical assets (ct. 161+1681-169)	37	-	-
2. Amounts due to the credit institutions (ct. 1621+1622+1624+1625+1627+1682+5191+5192+5198)	38	11.895.058	8.304.942
3. Advances cashed in the orders' account (ct. 419)	39	129.567	95.062
4. Commercial debts (ct. 401+404+408)	40	1.692.798	1.226.925
5. Effects of paid trade (ct. 403+405)	41	-	-
6. Amounts due to the affiliated entities (ct. 1661+1685+2691+451)	42	-	-
7. Amounts due to the entities based on attendance interests (ct. 1663+1686+2692+453)	43	-	-
8. Other debts, including fiscal debts and debts for social insurances (ct.1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+++4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+ 5196+5197)	44	2.817.735	1.640.484
TOTAL (rd. 37 la 44)	45	<u>16.535.158</u>	<u>11.267.413</u>

MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
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E. NET CIRCULATING ASSETS, INCLUDING NET CURRENT DEBTS (raw 35+36-45-62)	46	12.111.729	11.480.871
	Nr.	Balance 1st of January 2010	Balance 31st of December 2010
	rd.	2010	2010
F. TOTAL ACTIVES MINUS CURRENT DEBTS (rd. 19+46)	47	37.943.565	36.794.780
G. DEBTS: AMOUNTS WHICH MUST BE PAID IN A PERIOD OF MORE THAN ONE YEAR			
1. Loans from the release of physical assets (ct. 161+1681-169)	48	-	-
2. Amounts owed to the credit institutions (ct. 1621+1622+1624+1625+1627+1682+5191+5192+5198)	49	-	-
3. Advances cashed in the orders' account (ct.419)	50	-	-
4. trade debts- suppliers (ct. 401+404+408)	51	-	-
5. trade effects to be paid (ct. 403+405)	52	-	-
6. Amounts owed to the affiliated entities (ct. 1661+1685+2691+451)	53	-	-
7. Amounts owed to the entities based on attendance interests (ct.1663+1686+2692+453)	54	-	-
8. Other debts, including fiscal debts and debts for social insurances (ct.1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428++444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+ 5194+5195+5196+5197)	55	3.880.488	958.544
TOTAL (raw 48 to 55)	56	<u>3.880.488</u>	<u>958.544</u>
H. RESERVES			
1. Reserves for alimonies and other similar obligations (ct.1515)	57	-	-
1. Reserves for taxes (ct.1516)	58	70.439	-
2. Other reserves (ct. 1511+1512+1513+1514+1518)	59	200	10.000
TOTAL (raw 57 to 59)	60	<u>70.639</u>	<u>10.000</u>
I. INCOMES IN ADVANCE			
1. Subventions for investments (ct.475)	61	180.094	159.906
2. Incomes registered in advance (ct.472)	62	-	-
Amounts to be reviewed within one year (ct. 472*)	63	-	-
Amounts to be reviewed in a period of more than one year (ct. 472*)	64	-	-
Negative trade fund	65	-	-
TOTAL (raw 61+62+65)	66	<u>180.094</u>	<u>159.906</u>
J. CAPITAL AND RESERVES			
I. CAPITAL			
Subscribed capital paid (ct.1012)	67	23.990.846	23.990.846
Subscribed capital unpaid (1011)	68	-	-
Administration patrimony (ct. 1015)	69	-	-

NOTES FROM PAGE 19 – 53 ARE PART OF THE INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2010

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(all amounts are expressed in lei, if not otherwise specified)

TOTAL (rd. 67 la 69)	70	<u>23.990.846</u>	<u>23.990.846</u>
	Nr.	Balance 1st of January <u>2010</u>	Balance 31st of December <u>2010</u>
	rd.	<u>2010</u>	<u>2010</u>
II. CAPITAL REWARDS (ct.104)	71	-	-
III. RESERVES FROM REEVALUATION (ct.105)	72	<u>19.636.462</u>	<u>19.231.370</u>
IV. RESERVES			
1. Legal reserves (ct. 1061)	73	819.513	931.053
2. Statutory or contractual reserves (ct. 1063)	74	-	-
3. Reserves representing the excess from the reevaluation reserves (ct.1065)	75	1.541.617	1.578.154
4. Other reserves (ct.1068)	76	827.622	827.622
TOTAL (raws from 73-76)	77	<u>3.188.752</u>	<u>3.336.829</u>
Self shares (ct.109)	78	-	-
Profits related to the tools of the self capital (ct.141)	79	-	-
Losses related to the tools of the self capital (ct.149)	80	-	-
V. REPORTED PROFIT OR LOSS (A)			
Balance C (ct.117)	81	-	-
Balance D (ct.117)	82	5.143.735	13.003.715
VI. PROFIT OR LOSS OF THE FINANCIAL YEAR			
Balance C (ct.121)	83	-	2.222.540
Balance D (ct.121)	84	7.859.981	-
Profit distribution (ct. 129)	85	-	111.540
SELF CAPITALS - TOTAL (raw 70+71+72+77-78+79-80+81-82+83-84-85)	86	<u>33.812.344</u>	<u>35.666.330</u>
Public patrimony (ct. 1016)	87	-	-
TOTAL CAPITALS (raw 86+87)	88	<u>33.812.344</u>	<u>35.666.330</u>

These financial situations have been approved this 23rd of March 2011

GENERAL MANAGER,
Eng. Neculai Timaru

ECONOMIC MANAGER,
Ec. Gabriela Marian

MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
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CONTUL DE PROFIT SI PIERDERE

la data de 31 decembrie 2010

	No.	31st of December 2009	31st of December 2010
	<u>raw</u>		
1. Net turnover (raw 02 to 06)	1	17.394.570	22.201.451
Sold production (701+702+703+704+705+706+708)	2	16.159.885	19.937.317
Incomes from the merchandise selling (ct.707)	3	1.234.685	2.264.134
Commercial deductions granted (ct. 709)	4	-	-
Incomes from interests registered by the entities radiated from the General Register and which still have leasing contracts in process (ct.766*)	5	-	-
Incomes from exploitation subventions proper for the net turnover (ct. 7411)	6	-	-
2.Incomes proper for production (ct.711+712)	7	944.722	-
in process	8	0,00	2.972.556
3. Production completed by the entities for its aims, and capitalized (ct. 721+722)	9	-	1.446.849
4. Other incomes from exploitation (ct.7417+758)	10	285.686	811.526
- of which, incomes from the negative trade fund	11	-	-
EXPLOITATION INCOMES- TOTAL	12	18.624.978	21.487.270
5. a) Expenses with raw materials and consumptible articles (ct. 601+602-7412)	13	5.189.171	6.262.696
Alte cheltuieli materiale (ct. 603+604+606+608)	14	209.614	196.253
b) Other material expenses (energy and water) (ct. 605-7413)	15	901.726	777.293
c) Expenses regarding the merchandise (ct. 607)	16	1.120.258	755.511
Trade deductions received (ct. 609)	17	-	-
6. Expenses with the staff (rd.19+20)	18	5.132.692	4.757.290
a) Wages and indemnizations (ct. 641+642-7414)	19	4.045.695	3.775.662
b) Expenses with the insurances and social protection (ct. 645-7415)	20	1.086.997	981.628
7. a) Adjustment of the value of the tangible and intangible unmovable assets ad (rd. 22-23)	21	6.138.944	1.753.320
a.1) Expenses (ct. 6811+6813)	22	6.138.944	1.779.184
a.2) Incomes (ct. 7813)	23	-	25.864
7.b) Circulating asset value adjustment (rd. 25-26)	24	1.739.436	-355.362
b.1) Expenses (ct. 654+6814)	25	2.072.263	979.483
b.2) Incomes (ct. 754+7814)	26	332.827	1.334.845
8. Other exploitation expenses (raws 28 to 31)	27	3.590.669	3.322.718
8.1 Expenses regarding external services (ct. 611+612+613+614+621+622+623+624+625+626+627+628-7416)	28	2.589.756	2.514.712
8.2 Expenses with other taxes, fees and assimilated payments (ct. 635)	29	270.794	245.267
8.3 Other expenses (ct. 652+ct. 658)	30	730.119	562.739
Expenses with refinancing interests registered by the entities radiated from the General Register and which have leasing contracts in process (ct.666*)	31	-	-

NOTES FROM PAGE 19 – 53 ARE PART OF THE INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2010

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Adjustments regarding provisions (rd.33-34)	32	-207	-62.505
- Expenses (ct. 6812)	33	-	10.000
- Incomes (ct.7812)	34	207	72.505
	Nr.	31st of	31st of
	rd.	December	December
		<u>2009</u>	<u>2010</u>
EXPLOITATION EXPENSES– TOTAL (raws 13 to 16+18+21+24+27+32)	35	24.022.303	17.407.214
EXPLOITATION RESULT			
Profit (raw 12-35)	36	-	4.080.056
Loss (raw 35-12)	37	5.397.325	-
9. Incomes from attendance interests (ct. 7611+7613)	38	-	-
- of which, incomes from the affiliated entities	39	-	-
10. Incomes from other financial investments and debts forming part of the unmovable assets.(ct. 763)	40	-	-
- of which incomes from the affiliated entities	41	-	-
11. Incomes from interests (ct.766)	42	45.329	272.365
- of which incomes from the affiliated entities	43	-	-
Other financial incomes (ct. 762+764+765+767+768)	44	182.317	355.300
FINANCIAL INCOMES – TOTAL	45	227.646	627.665
12. The adjustment of the financial immobilization value and the financial investment hold as circulating assets (raws 47-48)	46	-	-
Expenses (ct. 686)	47	-	44.392
Incomes (ct. 786)	48	-	-
13. Expenses regarding interests (ct. 666-7418)	49	2.313.990	1.593.621
- of which related to the affiliated entities	50	-	-
Other financial expenses (ct. 663+664+665+667+668)	51	361.645	838.918
FINANCIAL EXPENSES- TOTAL	52	2.675.635	2.476.931
FINANCIAL RESULT			
Profit (raw 45 – 52)	53	-	-
Loss (raw 52 - 45)	54	2.447.989	1.849.266
14. CURRENT RESULT			
Profit (raw 12+45-35-52)	55	-	2.230.790
Loss (raw 35+52-12-45)	56	7.845.314	0
15. Extraordinary incomes (ct. 771)	57	-	-
16. Extraordinary expenses (ct. 671)	58	-	-
17. EXTRAORDINARY RESULT			

NOTES FROM PAGE 19 – 53 ARE PART OF THE INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2010

MECANICA CEHLAU INC
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	Nr. <u>rd.</u>	31 st of December <u>2009</u>	31 st of December <u>2010</u>
Profit (raw 57-58)	59	-	-
Loss (raw 58-57)	60	-	-
TOTAL INCOMES (raw 12+45+57)			
	61	18.852.624	22.114.935
TOTAL EXPENSES (raw 35+52+58)			
	62	26.697.938	19.884.145
GROSS RESULT			
Profit (raw 61-62)	63	-	2.230.790
Loss (raw 62-61)	64	7.845.314	-
18. PROFIT TAX (ct.691)	65	14.667	8.250
19. Other taxes that do not appear in the above mentioned elements (ct. 698)	66	-	-
20. NET RESULT OF THE FINANCIAL YEAR			
Profit (raw 63-64-65-66)	67	-	2.222.540
Loss (raw 64+65+66-63)	68	7.859.981	-

These financial situations have been approved this 23rd of March 2011

GENERAL MANAGER,
Eng. Neculai Timaru

ECONOMIC MANAGER,
Ec. Gabriela Marian

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
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INFORMATIVE DATA
On the 31st of December 2010

I. Data regarding the registered result	Raw n.	Unit no.	Amounts	
A	B	1	2	
Units which registered profit	1	1	2.222.540	
Units which registered loss	2	0	0	
			Of which	
	Raw no.	Total col 2+3	For the current activity	For investments
II. Data regarding recent payments	A	1	2	3
A	B	1	2	3
Remaining payments – total (raw 04+08+14 la 18 +22), of which:	3	50.489	50.489	0
Remaining suppliers – total (rd. 05 la 07), of which:	4	50.489	50.489	0
- over 30 days	5	0	0	0
- over 90 days	6	2.515	2.515	0
- over 1 year	7	47.974	47.974	0
Remaining obligations towards the social insurance budget– total (raw 09 la 13), of which:	8	0	0	0
- contributions for social insurances owed by employers, employees and other assimilated persons	9	0	0	0
- contributions for the health social insurance fund	10	0	0	0
- contribution for the additional alimony	11	0	0	0
- contributions for the budget of the unemployment insurances	12	0	0	0
- other social debts	13	0	0	0
Remaining obligations towards the special fund budgets and other funds	14	0	0	0
Remaining obligations towards creditors	15	0	0	0
Taxes and fees unpaid at the agreed date to the state budget	16	0	0	0
Taxes and fees unpaid at the agreed date to the local budgets	17	0	0	0
Unredeemed bank credits on due date- total (raws 19 to 21), of which:	18	0	0	0
- back payments after 30 days	19	0	0	0
- back payments after 90 days	20	0	0	0
- back payments after 1 year	21	0	0	0
Remaining interests	22	0	0	0
III. Average number of employees		Previous year	Current year	
Nr. mediu de salariați	23	216	186	

MECANICA CEHLAU INC
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IV. <u>Payment of interests and dues</u>	Nr. rd.	Sume (lei)	
Gross incomes from interests paid by the Romanian artificial persons to the natural persons non resident from the European Union countries, of which:	24		0
- tax owed to the state budget	25		0
Gross incomes from interests paid by the Romanian artificial persons towards the affiliated juridical persons *) non resident from the European Union countries, of which:	26		0
- tax owed to the state budget	27		0
Gross incomes from interests paid by the Romanian affiliated artificial persons *) non resident, from the European Union countries, of which:	28		0
- tax owed to the state budget	29		0
V. <u>Meal tickets</u>	Raw n.	Amounts (lei)	
			316.429
Value of the meal tickets granted to the employees	30		
	Raw no.	31.12.2009	31.12.2010
VI. Innovation expenses**)	31	0	0
-innovation expenses ended during the period	32	0	0
- innovation expenses in process of ending during the period	33	0	0
- innovation expenses abandoned during the period	34	0	0
VII. Innovation expenses *)		31.12.2009	31.12.2010
Innovation expenses - total(rd.35-37), of which:	34	0	0
- innovation expenses ended during the period	35	0	0
- innovation expenses in process of ending during the period	36	0	0
- innovation expenses abandoned during the period	37	0	0
VIII. Other information	Raw n.	31.12.2009	31.12.2010
Financial unmovable assets, in gross amounts (raw 39 + 47), of which:	38	59.092	59.092
Shares held by the affiliated entities, attendance interests, other unmovable assets, in gross amounts (ct. 261 + 263 + 265) (rd. 40 la 46), of which:	39	59.092	59.092
- Shares considered issued by residents	40	0	0
- shares not considered issued by residents	41	8.092	8.092
- social parts issued by residents	42	51.000	51.000
- obligations issued by residents	43	0	0
- shares issued by the collective placing organisms (SIF-s) issued by residents	44	0	0
- shares and social parts issued by non residents	45	0	0
- obligations issued by non residents	46	0	0

NOTES FROM PAGE 19 – 53 ARE PART OF THE INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2010

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Unmovable debts in gross amounts (raw 48 + 49), of which:	47	0	0
- unmovable debts in lei (ct. 267)	48	0	0
- unmovable debts in currency (ct. 267)	49	0	0
Commercial debts, advances granted to the suppliers and other assimilated accounts, in gross amounts (ct. 4092 + 411 + 413 + 418)	50	11.660.486	11.820.357
Debts related to the staff and assimilated accounts (ct. 425 + 4282)	51	1.192	1.542
Debts related to the social insurance budget and the state budget (ct. 431 + 437 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	52	157.784	36.516
Entity debts in relation to the affiliated entities (ct. 451)	53	0	
Other debts (ct.453 + 456 + 4582 + 461 + 471 + 473)	54	440.250	551.810
Interests to be cashed (ct. 5187)	55	20.858	46.606
Short term investments, in gross amounts (ct. 501 + 505 + 506 + 508) (rd. 51 la 55), of which:	56	0	0
- rated shares issued by residents	57	0	0
- unrated shares issued by residents	58	0	0
- social shares issued by residents	59	0	0
- Obligations issued by residents	60	0	0
- shares issued by the collective placing organisms (SIF-s) issued by the residents	61	0	0
- shares and social shares issued by non residents	62	0	0
- obligations issued by non residents	63	0	0
Other values to be cashed (ct. 5113 + 5114)	64	0	0
Cash register in lei and currency (raw 66 + 67), of which:	65	2.401	29.349
- in lei (ct. 5311)	66	2.401	29.349
- in currency (ct. 5314)	67	0	0
Current accounts at banks in lei and currency (raws 69 + 70), of which:	68	6.597.845	3.493.296
- in lei (ct. 5121)	69	6.501.409	3.393.561
- in currency (ct. 5124)	70	96.436	99.735
Other current accounts at banks and letters of credit (raw 72 + 73), of which:	71	0	0
- amounts in process of settlement, letters of credit, other values to cash, in lei (ct.5112 + 5125 + 5411)	72	0	0
- amounts in process of settlement and letters of credit in currency (ct. 5125 + 5412)	73	0	0
Debts (raws 75 + 78 + 81 + 84 + 87 + 90 + 91+ 94 la 100), of which:	74	20.415.646	12.225.957
- Loans from obligation release and proper interests, in gross amounts (ct. 161 + 1681) (rd. 76 + 77), of which:	75	0	0
- in lei	76	0	0
- in currency	77	0	0
- External credits on short term and proper interests (ct. 5191 + 5192 + 5197 + 5198), (rd. 79 + 80), of which:	78	11.895.058	8.304.942
- in lei	79	10.309.574	7.350.021
- in currency	80	1.585.484	954.921

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INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

- External credits on short term and proper interests (ct.5193 + 5194 + 5195 + 5198), (rows 82 + 83), of which:	81	0	0
- in lei	82	0	0
- in currency	83	0	0
- External credits on long term and proper interests (ct. 1621 + 1622 + 1627 + 1682) (rd. 85 + 86), of which:	84	0	0
- in lei	85	0	0
- in currency	86	0	0
- External credits on long term (ct. 1623 + 1624 + 1625 + 1682) (rd. 88 + 89), of which:	87	0	0
- in lei	88	0	0
- in currency	89	0	0
- Credits from the state treasury (ct. 1626 + din ct. 1682)	90	0	0
- Other loans and proper debts (ct. 166 + 167 + 1685 +1686 + 1687)(rd. 92 + 93), of which:	91	6.101.409	1.945.099
- in lei	92	6.101.409	1.945.099
- in currency	93	0	0
- Trade debts, advances received from the clients and other assimilated accounts, in gross amounts (ct. 401 + 403 + 404 + 405 + 408 + 419)	94	1.822.365	1.321.987
- Debts related to the staff and assimilated accounts (ct. 421 + 423 + 424 + 426 + 427 + 4281)	95	139.853	140.913
- Debts related to the social insurance budget and state budget (ct. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	96	307.988	409.632
- Entity's debts in relation to the affiliated entities (ct. 451)	97		
- Amounts owed to the shareholders/associates (ct.455)	98		
- Other debts (ct. 453 + 456 + 457 + 4581 + 462 +472 + 473 + 269 + 509)	99	60.581	67.601
- Interests to be paid (ct. 5186)	100	88.392	35.783
Subscribed capital paid (ct.1012) (rd. 102 la 105), of which:	101	23.990.846	23.990.846
- rated shares	102	23.990.846	23.990.846
- unrated shares	103	0	0
- social parts	104	0	0
- subscribed capital paid by non residents (of ct 1012)	105	0	0
Patterns and licenses (of ct. 205)	106	65.883	65.883
IX. Information regarding expenses with the collaborators	Raw		
privind chelt. cu colaboratorii	no.	31.12.2009	31.12.2010
Expenses with the collaborators (ct. 621)	107	84.081	89.850

These financial situations have been approved this 23rd of March 2011.

GENERAL MANAGER,
Eng. Neculai Timaru

ECONOMIC MANAGER
Ec. Gabriela Marian

MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
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UNMOVABLE ASSET SITUATION

la data de 31 decembrie 2010

Elements of the unmovable assets	Raw n.	Gross values				Final balance (col.5 = 1+2-3)
		Initial balance	Increases	Deductions		
				Total	Of which: dismantling and cassation	
A	B	1	2	3	4	5
Intangible unmovable assets						
Set up and development costs	01	-	-	-	X	-
Other unmovable assets	02	730.210	6.320	-332	X	736.862
Advances and intangible unmovable assets in process	03	-	-	-	X	-
TOTAL (raw 01 to 03)	04	730.210	6.320	-332	X	736.862
Tangible unmovable assets						
Lands	05	11.882.199	200.000	-	x	12.082.199
Constructions	06	10.033.809	695.973	2.417.027	-	8.312.755
Technical plants and machines	07	24.357.817	1.391.170	4.855.822	-	20.893.165
Other plants, tools and furniture	08	179.041	7.140	-	-	186.181
Advances and tangible unmovable assets in process	09	236.881	469.912	663.627	X	43.166
TOTAL (raws 05 to 09)	10	46.689.747	2.764.195	7.936.476	-	41.517.466
Financial unmovable assets	11	59.092	-	-	X	59.092
UNMOVABLE ASSETS – TOTAL (raw.04+10+11)	12	47.479.049	2.770.515	7.936.144	-	42.313.420

LIQUIDATION SITUATION OF THE UNMOVABLE ASSETS

Elements of the unmovable assets	Raw no.	Initial balance	Liquidation during the year	Liquidation proper for the unmovable assets taken out of the record	Liquidation at the end of the year (col. 9=6+7-8)						
						A	B	6	7	8	9
						Intangible unmovable assets					
Setting up and development costs	13	-	-	-	-						
Other unmovable assets	14	430.869	87.523	-	518.392						
TOTAL (RAW. 13+14)	15	430.869	87.523	-	518.392						
Tangible unmovable assets											
Lands	16	-	-	-	-						
Constructions	17	2.953.094	493.801	1.929.174	1.517.721						
Technical plants and machines	18	18.163.483	956.182	4.397.274	14.722.391						
Other plants, tools and furniture	19	73.903	17.294	-	91.197						

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TOTAL (raw 16 to 19)	20	21.190.480	1.467.277	6.326.448	16.331.309
LIQUIDATION – TOTAL (raw. 15+20)	21	21.621.349	1.554.800	6.326.448	16.849.701

RESERVE SITUATION FOR DEPRECIATION

Elements of unmovable assets	Raw no.	Initial balance	Reserves formed during the year	Reserves reviwed at the incomes	Final balance (col. 13=10+11-12)
A	B	10 (1)	11 (2)	12 (3)	13 (4)
Intangible unmovable assets					
Set up and development expenses	22	-	-	-	-
Other unmovable assets	23	24.693	-	24.693	-
Advances and intangible unmovable assets in process	24	-	-	-	-
TOTAL (Raw 22 to 24)	25	24.693	-	24.693	-
Tangible unmovable assets					
Lands	26	-	-	-	-
Constructions	27	-	31.733	-	31.733
Technical plants and machines	28	1.171	73.685	1.171	73.685
Other plants, tools and furniture	29	-	-	-	-
Advances and tangible unmovable assets in process	30	-	-	-	-
TOTAL (raw 26 to 30)	31	1.171	105.418	1.171	105.418
Financial unmovable assets	32	-	44.392	-	44.392
RESERVES FOR DEPRECIATION – TOTAL (raws 25+31+32)	33	25.864	149.810	25.864	149.810

These financial situations have been approved this 23rd of March 2011.

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Ec. Gabriela Marian

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

SITUATION OF THE CHANGES IN THE SELF CAPITAL

On the 31st of December 2010

Element of the self capital	Balance on the <u>01.01.2010</u>	Increasing		Deductions		Balance on the <u>31.12.2010</u>
		Total, Of which:	By transfer	Total, Of which:	By transfer	
Subscribed capital	23.990.846	-	-	-	-	23.990.846
Capital bonuses	-	-	-	-	-	-
Reserves by reevaluation	19.636.462	3.087	-	408.179	36.537	19.231.370
Legal reserves	819.513	111.540	111.540	-	-	931.053
Statutory or contractual reserves	-	-	-	-	-	-
Reserves representing the excess done by reevaluation reserves	1.541.617	36.537	36.537	-	-	1.578.154
Other reserves	827.622	-	-	-	-	827.622
Self shares	-	-	-	-	-	-
Earnings related to the tools of self capitals	-	-	-	-	-	-
Losses related to the tools of self capitals	-	-	-	-	-	-
Reported result representing the undistributed profit or the uncovered loss	Balance C Balance D	- 5.143.734	- 7.859.981	- 7.859.981	- -	- 13.003.715
Reported results from the adoption for the first time of the IAS, less the IAS 29	Balance C Balance D	- -	- -	- -	- -	- -
Reported result from the correction of the accounting errors	Balance C Balance D	- -	- -	- -	- -	- -
Reported result from the application of the accounting rules according to the 4 th Directive of the European Committee	Balance C Balance D	- -	- -	- -	- -	- -
Profit or loss of the financial year	Balance C Balance D	- 7.859.981	2.222.540 -	2.222.540 -	- 7.859.981	- 7.859.981
Profit distribution	-	-	-	111.540	111.540	111.540
Total of self capitals	33.812.344	(5.486.276)	(5.489.364)	(7.340.262)	(7.711.904)	35.666.330

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MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER
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Information regarding the changes of the self capitals:

Self capitals were influence in the financial year 2010, totally with the amount of 1.873.986 lei, as follows:

1. Increases of (5.486.276) lei, made of:

- | | |
|---|-------------|
| • Good differences from the reevaluation of the tangible reevaluation
On the 31 st of December 2010 | 3.087 |
| • Legal reserves | 111.540 |
| • Reserves representing the excess from the reevaluation reserves
(transfer of the reevaluation reserves for fix liquidated means
Integral) | 36.537 |
| • Registration of the reported result of 2009 | (7.859.981) |
| • Net profit completed in the financial year 2010 | 2.222.540 |

2. Deductions of (7.340.262) lei, made of:

- | | |
|---|-------------|
| • Reserves representing an excess completed from reevaluation reserves
(transfer of the reevaluation reserves for fully liquidated fix means) | 36.537 |
| • Unfavourable differences from the tangible unmovable asset reevaluation
On the 31 st of December 2010 | 371.642 |
| • Registration of the loss conclusion completed in 2009 | (7.859.981) |
| • Profit distribution | 111.540 |

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MECANICA CEHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER
2010
(all amounts are expressed in lei, if not otherwise specified)

SITUATION OF THE CASH FLOW
On the 31st of December 2010

Name of the element	<u>Raw</u>	Period	
		<u>31st of December 2009</u>	<u>31st of December 2010</u>
Treasury flows from exploitation activities			
Collection from the clients	1	26.183.212	27.173.612
Payments to the suppliers and employees	2	19.185.765	19.537.611
Paid interests	3	1.845.150	1.531.138
Tax on paid profit	4	9.167	8.250
Net treasury from exploitation activities Raw 1-(Raw 2+ Raw 3+ Raw 4)	5	<u>5.143.130</u>	<u>6.096.613</u>
Treasury flows from investment activities			
Payment for the acquisition of tangible unmovable assets	6	693.673	830.418
Collection from the sale of tangible unmovable assets	7	16.224	0
Collected interests	8	45.324	225.702
Net treasury from investment activities Raw 7+ Raw 8 - Raw 9	9	<u>-632.125</u>	<u>(604.716)</u>
Treasury flows from financing activities			
Collection from the share release	10	8.000.000	0
Collection from short term loans	11	19.653.390	207.683.280
Credit payment on short term	12	20.701.059	211.126.989
Credit payment on long term	13	0	0
Payment of debts from financial leasing	14	4.973.015	5.125.749
Net treasury from financing activities (Raw 10 + Raw 11) - (Raw 12 + Raw 13 + Raw 14)	15	<u>1.979.316</u>	<u>(8.569.458)</u>
Net increase of treasury and treasury equivalents Raw 5 + Raw 9 + Raw 15	16	<u>6.490.321</u>	<u>(3.077.561)</u>
Treasury and treasury equivalents at the beginning of the financial year	17	<u>109.961</u>	<u>6.600.282</u>
Treasury and treasury equivalents at the end of the financial year Raw 16 + Raw 17	18	<u>6.600.282</u>	<u>3.522.721</u>

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MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

ACCOUNTING NOTES AND POLITICS TO THE FINANCIAL SITUATIONS
On the 31st of December 2010

1. Unmovable assets

The variation of the entry value, the liquidation, the adjustments for the value depreciation or loss and the net accounting value, during the financial year terminated on the 31st of December 2010, on each category of unmovable assets, is presented as follows:

1.1 Intangible unmovable assets

Gross value

	Balance on the 1 st of January 2010	Increasings	Cession, transfers and other deductions	Balance on the 31 st of December 2010
Cessions, patterns, licenses, marks, rights and other similar assets	67.768	-	-	67.768
Other intangible unmovable assets	662.442	6.320	(332)	669.094
Total	<u>730.210</u>	<u>6.320</u>	<u>(332)</u>	<u>736.862</u>

Value adjustments (liquidation and adjustments for the depreciation or loss of value)

	Balance on the 1 st of January 2010	Adjustments during the year	Deductions or resumptions	Balance on the 31 st of December 2010
Cessions, patterns, licenses, marks, rights and other similar assets	24.693	-	24.693	-
Other intangible unmovable assets	430.869	87.523	-	518.392
Total	<u>455.562</u>	<u>87.523</u>	<u>24.693</u>	<u>518.392</u>
Net accounting value	<u>274.648</u>	<u>x</u>	<u>x</u>	<u>218.470</u>

In the financial year terminated on the financiar incheiat la 31 decembrie 2010, Societatea nu a constituit ajustari pentru depreciere sau pierdere de valoare pentru imobiliarile necorporale:

NAME	Balance on the 1 st of January 2010	Transfers		Balance on the 31 st of December 2010
		In the account	From the account	
	1	2	3	4 = 1+2-3
Adjustments for the depreciation of the intangible unmovable assets	24.693	-	24.693	-
TOTAL	24.693	-	24.693	-

MECANICA CEAHLAU INC
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(all amounts are expressed in lei, if not otherwise specified)

The intangible unmovable assets remained in the balance at the end of 2010 represent the unliquidated part of the licenses and informatic programs used, the liquidation period of the intangible unmovable assets is not more than 5 years.

1. Unmovable assets (continuation)

1.2 Tnagible unmovable assets

Gross value

	Balance on the 1st of January 2010	Increasing	Cessions, transfers and other deductions	Balance on the 31st of December 2010
Lands	11.882.199	200.000	-	12.082.199
Constructions	10.033.809	695.973	2.417.027	8.312.755
Technological outfit	23.188.841	1.391.170	4.780.109	19.799.902
Measuring, control and adjustment devices and plants	685.994	-	54.024	631.970
Means of transport	482.982	-	21.689	461.293
Furniture, stationery, other assets	179.041	7.140	-	186.181
Advances and tangible unmovable assets in process	236.881	469.912	663.627	43.166
Total	<u>46.689.747</u>	<u>2.764.195</u>	<u>7.936.476</u>	<u>41.517.466</u>

Value adjustments (liquidations and adjustments for the depreciation or loss of value)

	Balance on the 1st of January 2010	Adjustments during the year	Deductions or resumptions	Balance on the 31st of December 2010
Lands	-	-	-	-
Constructions	2.953.094	525.534	1.929.174	1.517.721
Technological outfit	17.245.057	950.859	4.321.561	13.874.355
Measuring, control and adjustment devices and plants	549.552	55.667	55.195	550.024
Means of transport	370.045	23.341	21.689	371.697
Furniture, stationery, other assets	73.903	17.294	-	91.197
Total	<u>21.191.651</u>	<u>1.572.695</u>	<u>6.327.619</u>	<u>16.436.727</u>
<u>Net accounting value</u>	<u>25.498.096</u>	<u>x</u>	<u>x</u>	<u>25.080.739</u>

The liquidation costs include the differences from the reevaluation.

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

At the end of the financial year 2010, the company held tangible unmovable assets in a total amount of 46.689.747 lei to the accounting value.

1. Unmovable assets (continuation)

From their total value, the Company's management has decided to value by cassation for the tangible unmovable assets in the amount of 91.375 lei.

The lands held by the company are located in Piatra Neamt and Tg Neamt. The total surface of the lands held is of 171.174 square meters.

The tangible unmovable assets from the patrimony are presented at the reevaluated value, less the cumulated liquidation. In 2010 the the tangible unmovable assets were reevaluated- group: "Buildings" of the company, by a committee made of specialists and reviewed by an auditor, ANEVAR member. For the calculus of the reevaluated values, the assessment base used is the true value.

The company did the previous reevaluation of the tangible unmovable assets – group: "Buildings" on the 31st of December 2007.

For the life period of the fix means, see the note regarding the accounting politics "(f) Tangible unmovable assets".

The advances and tangible unmovable assets in process on the 31st of December 2010 in the amount of 43.166 lei (31st of December 2009: 236.881 lei), registered a decrease of 193.715 lei as compared to the previous year and they are made of:

Civil defense improvement	3.969
Sectors of the industrial parc	13.715
Modernization and sector distribution of the compressed air network for the removal of noise and vibrations to the compressor station	12.630
Development of the heating capacity for industrial spaces- completion of the heating plant	12.852
Total	43.166

In the financial year completed on the 31st of December 2010, The company made value adjustments for the tangible unmovable assets, as follows:

NAME	Balance on the 1 st of January 2010	Transfers		Balance on the 31 st of December 2010
		In the account	From the account	
	1	2	3	4 = 1+2-3
Adjustments for the depreciation of the tangible unmovable assets- constructions	-	31.733	-	31.733
Adjustments for the depreciation of the tangible unmovable assets- plants and means of transport	1.171	73.685	1.171	73.685
TOTAL	1.171	105.418	1.171	105.418

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

The adjustments for the depreciation of the tangible unmovable assets have been recognized for the fix means in preservation.

1. Unmovable assets (continuation)

Mortgaged tangible unmovable assets

- **Buildings**

Asset name	Inv. No.	Cadastral file	Mortgage value	Bank	Mortgaged
Debit- pressing hall (land 8446 sm) C1	1011	237/3	475.555,63	BCR	x
Technical appendage (land included in the hall) C1	1026		382.644,74	BCR	x
Circular saw building (land included in the hall) C1	1076		21.648,60	BCR	x
Building for the material storage (land 657,25 sm) C2	1074		33.335,62	BCR	x
Monoblock hall (land 428 sm) C.3	1049 part		21.961,71	BCR	part
Administrative ward administrativ C1	1031	237/1	2.633.704,10	BCR	x
Outbuilding for the canteen C1	1073		15.123,60	BCR	x
Offices C1	1032		82.085,07	BCR	x
Foundry building C1	1023	237/2	377.685,54	BT	x
Gate building C2	1066		85.073,35	BT	x
Body building B-C1	1034	237/4	526.078,52	BT	x
SUP building-48+ hall for welding assembly (monoblock hall) C1	1049 + 1099 part	237/9	506.032,09	BT	part
Hall for mechanical processing (+ appendage)	1088	237/5	346.158,85	BRD	x
Metallic shack C1	1070	237/17	1.105,34	BCR	x
Anexa forja C3	1100		338.675,51	BCR	x
Forge hall c3	1101		218.600,23	BCR	x
Iron warehouse	11051		2.677,69	BCR	x
Foundry hall	11050		110.990,30	BCR	x
Total no. of buildings :	x	x	6.179.136,49	x	6.179.136,49

Note: sm- square meter

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

1. Unmovable assets (continuation)

Mortgaged tangible unmovable assets

- **Lands**

Asset name	Cadastral file	Mortgage value	Bank	Mortgaged
Proper land 15081 sm.	237/3	770.639,13	BCR	x
Proper land 6491 sm.	237/1	331.690,11	BCR	x
Acces way ½ of 2609 sm	237/18/1	66.659,53	BT	x
Proper land 8790 sm.	237/2	449.169,02	BT	x
Acces way ½ of 2609 sm	237/18/1	66.659,95	BCR	x
Proper land 5656 sm.	237/4	289.021,61	BT	x
Proper land 4.203 sm.	237/9	214.773,31	BT	x
Factory road 1/2 of 4.731 sm	237/18/2	120.877,06	BCR	x
Proper land 3327 sm	237/5	170.009,70	BRD	
Proper land 12723 sm	237/18	650.145,30	BCR	x
Access way 1/2 of 4731 sm	238/18	120.877,05	BT	x
Total land :	x	3.250.521,77	x	3.250.521,77
TOTAL GENERAL:	x	9.429.658,26	x	9.429.658,26

1.3 Financial unmovable assets

	31 st of December 2009	31 st of December 2009
Attendande titles – Attendance interests	51.000	51.000
Attendance titles – Investments held as unmovable assets	8.092	8.092
Financial unmovable assets	<u>59.092</u>	<u>59.092</u>

The company's attendance interests, that are in balance on the 31.12.2010, represent the investement in S.C. TRANSPORT CEAHLAU Ltd (percentage held by 24,28% in the amount of 51.000 lei), head office in Piatra Neamt. The main field of activity of S.C. TRANSPORT CEAHLAU Ltd is represented by the road transport of goods, but the share of this activity is represented by operations of general mechanics.

Other titles of unmovable assets are at S.C. SIRCA Inc Piatra Neamt (percentage held 0,2737 %).

The attendance interests that the company holds have been registered at costs.

MECANICA CEAHLAU INC
INDIVIDUAL FINANCIAL SITUATIONS FOR THE YEAR CONCLUDED ON THE 31ST OF DECEMBER 2010
(all amounts are expressed in lei, if not otherwise specified)

1. Unmovable assets (continuation)

In the financial year ended on the 31st of December 2010, The company did value adjustments for the financial unmovable assets, as follows:

NAME	Balance on the 1 st of January 2010	Transfers		Balance on the 31 st of December 2010
		In the account	From the account	
	1	2	3	4 = 1+2-3
Adjustments for the value loss of the attendance interests	-	43.670	-	43.670
Adjustments for the value loss of the other unmovable titles	-	722	-	722
TOTAL	-	44.392	-	44.392
<u>Net accounting value</u>	<u>59.092</u>	<u>x</u>	<u>x</u>	<u>14.700</u>

2. Reserves for risks and expenses

In the financial year ended on the 31st of December 2010, The company did reserves for risks and expenses as follows:

NAME OF THE RESERVE	Balance on the 1 st of January 2010	Transfers		Balance on the 31 st of December 2010
		In the account	From the account	
	1	2	3	4=1+2-3
1. Reserves for guarantees granted to the clients	-	10.000	-	10.000
2. Reserves for restructuration – technical unemployment	200	-	200	-
2. Reserves for taxes	70.439	-	70.439	-
TOTAL	70.639	10.000	70.639	10.000

- The reserve for guarantees granted to the clients- was made in 2010, for costs related to the service activity during the guarantee period and other expenses related to the guarantee granted to clients.
- The reserve for restructuration – technical unemployment was made in 2005, as a result of the temporary cease of the activity, while the company's employees were in technical unemployment receiving an allowance equal to 75% of the basic salary at the suspension date. The reserve was not fully reversed.
- The reserve for taxes (profit tax) made in the previous years for further amounts to be paid, meant for the covering fiscal liquidation in a 20% quota granted as fiscal facility for the tangible unmovable asset started between 2003 - 2005.

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3. Profit distribution

In the financial year 2010, the company did a net accounting profit of 2.222.540 lei (in the financial year 2009 it registered a loss of 7.859.981 lei).

DESTINATION	AMOUNT - Lei -
Net accounting profit	2.222.540
- legal reserves	111.540
- covering the accounting loss	-
- Dividends (gross)	-
- self sources of financing from the profit	-
Net distribution profit	2.111.000

The Board of Administration proposes to the General Assembly of the Shareholders as net profit for 2010 the amount of 2.222.540 lei to be distributed, according to law:

- Legal reserves in the amount of 111.540 lei (according to article 183 paragraph 1 of law no. 31/1990 regarding trade companies, republished, with further changes and additions),
- Undistributed profit in the amount of 2.111.000 lei for covering the losses from previous years (2008 and 2009).

4. Analysis of the result from exploitation

	31st of December <u>2009</u>	31st of December <u>2010</u>
1. Net turnover	17.394.570	22.201.451
2. Cost of the sold goods and the completed services (3+4+5)	10.927.898	11.707.372
3. Costs for the basic activity	5.939.605	7.431.644
4. Costs for the additional activities	1.374.323	-
5. Indirect production costs	3.613.970	4.275.728
6. Gross result proper for the turnover (1-2)	6.466.672	10.494.079
7. Sale costs	8.688.095	2.972.628
8. General administration costs	3.461.588	4.252.921
9. Other incomes from exploitation	285.686	811.526
10. Result from exploitation (3-4+5)	(5.397.325)	4.080.056

In 2010, the result from exploitation registered an increase as opposed to the previous year, by increasing the turnover (with 27,63 %).

The company managed to limit the total exploitation costs, its reduction being of 27,58 %.

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5. Debts and duties situation

5.1 Debts

	31st of December <u>2009</u>	31st of December <u>2010</u>	Period <u>Less than 1 year</u>	Liquidity <u>Over 1 an year</u>
Clients	11.642.579	11.802.326	11.802.326	-
Adjustment for the debt depreciation- clients	(2.387.072)	(2.386.497)	(2.386.497)	-
Clients at net value	9.255.507	9.415.829	9.415.829	-
Suppliers- debtors	17.907	18.031	18.031	-
Non exigible VAT	32.381	32.553	32.553	-
Other debts	193.817	64.414	61.414	-
Various debtors	198.566	412.973	412.973	-
Adjustments for the depreciation of various debtors	(96.406)	(98.316)	(98.316)	-
Debtors at net value	102.160	314.657	314.657	-
Total debts	9.601.772	9.845.484	9.845.484	-

In the financial year ended on the 31st of December 2010. The company did the value adjustments below:

NAME	Balance on the 1st of January 2010	Transfers		Balance on the 31st of December 2010
		In the acct	From the acct	
	1	2	3	4=1+2-3
1. Adjustments for the debts depreciation of the internal clients	2.335.397	772.064	872.869	2.234.592
2. Adjustments for the debts depreciation of the external clients	51.675	106.165	5.935	151.905
2. Adjustment for the debts depreciation of the various debtors	96.406	19.318	17.408	98.316
TOTAL	2.483.478	897.547	896.212	2.484.813

- Adjustments for the debts depreciation of the internal and external clients are in the amount of 2.386.497 lei. There were adjustments for the value of the uncertain clients older than 365 days (from previous years).

During 2010 there were adjustments in the amount of 878.229 lei representing uncollected invoices (from 80 internal clients and 6 external clients), that is the deduction from the previous adjustments, by collecting them or passing on losses from debts, for which the bankruptcy procedure was concluded or they were dissolved. The value of the liquidated adjustment in 2010 is of 878.804 lei.

- Adjustments for the debts depreciation of the various clients, for 19.318 lei. The value for which this reserve was liquidated in 2010 is of 17.408 lei.

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5.2 Duties

	31st of December <u>2009</u>	31st of December <u>2010</u>	Period from <u>Less than 1</u> <u>year</u>	Liquidation <u>Over 1</u> <u>year</u>
Suppliers	1.524.477	1.043.712	1.043.712	-
Clients- creditors	129.567	95.062	95.062	-
Suppliers of unmovable assets	45.432	56.155	56.155	-
Social insurance and other taxes and fees	302.488	176.815	176.815	-
Suppliers- unreceived invoices	122.889	127.058	127.058	-
Interests to be paid	88.392	35.783	35.783	-
Amounts owed to the credit institutions	11.895.058	8.304.942	8.304.942	-
Other assimilated loans and duties	6.101.409	1.945.099	986.555	958.544
Other creditors	60.580	67.601	67.601	-
Duties with the staff and assimilated	139.854	140.871	140.871	-
Profit tax	5.500	-	-	-
VAT to be paid	123.368	232.859	232.859	-
Total duties	<u>20.415.646</u>	<u>12.225.957</u>	<u>11.267.413</u>	<u>958.544</u>

Suppliers in the amount of 1.043.712 lei include:

- Internal suppliers 1.017.087 lei;
- External suppliers 26.625 lei.

Other loans and duties assimilated in the amount of 1.945.099 lei, include:

- Guarantees of good execution 45.021 lei;
- Financial leasings 1.900.078 lei, of which:
 - less than 1 year 941.534 lei;
 - over 1 year 958.544lei.

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5.3 Loans

The company are employed on the 31st of December 2010 loans on short term, as follows:

Bank	Contract no.	Loan type	Credit value USD/LEI	Used on the 31.12.2010 USD/LEI	Due date	Interest
B.C.R. Piatra Neamt	279/9395/01.06.2007; Act adit. 279/9395F/06.12.2010	Current credit account-work share completion	4.700.000 LEI	3.101.649,86 LEI	09.09.2011	8,60% ROBOR 1M + 4,5 %
Banca Transilvania Piatra Neamt	49/08.07.2003; Act adit. 11/21.04.2010	Current credit account-work share completion	5.150.000 LEI	4.078.343,21 LEI	22.04.2011	13%/year
B.R.D – S.G.S. Piatra Neamt	326/10.08.2010	Current credit account-work share completion	643.400 LEI	170.027,99 LEI	11.07.2011	ROBOR 1M+5%, indexable 9,93%
Banca Transilvania Piatra Neamt	20/17.01.2008 23.01.2008; Act adit. 3/16.11.2010	Current credit account for deduction	600.000 LEI	0,00 LEI	16.11.2011	13%/year
B.C.R. Piatra Neamt	537/24.10.2001 Act adit. SJ-CC 537/AB 06.12.2010	Current credit account for financing of current activity	299.999,19 USD	299.999,19 USD	06.09.2011	LIBOR 3M+7,25%
	TOTAL :		11.093.400 LEI 299.999,19 USD	7.350.021,06 LEI 299.999,19 USD		

- The credit contracts concluded with B.C.R. Piatra Neamt branch for a maximum limit of 4.700.000 lei valid until the 09.09.2011 and for 300.000 USD valid until the 06.09.2011, were guaranteed with mortgages upon the following tangible unmovable assets:
 - Administrative ward C1;
 - Restaurant canteen and office C1;
 - Open sheds 310,75 sm C2;
 - Proper land 6.491 sm (cadastral paper no. 237/1);
 - Hall for mechanical processings 8.446 sm C1;
 - Metallic depot (teren 657 sm) C2;

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- Proper land 15.081sm (cadastral paper no. 237/3);
- Metallic shacks C1;

5.3 Loans (continuation)

- Forje appendage C3;
- Forje hall C3;
- Iron warehouse C5;
- Iron foundry hall C13;
- Proper land 2.560,44 sm (cadastral paper no. 237/1);
- Access way ½ of 2.609 sm (cadastral paper no. 237/18/1);
- Access way ½ of 3.743 sm (cadastral paper no. 237/18/1).

The credit vbalance at the end of 2010 is of 4.056.570,93 lei (3.101.649,86 lei + 954.921,07 lei the equivalent of 300.000 USD).

- The credit contracts concluded with Transilvania Bank Piatra Neamt branch for a maximum limit of 5.150.000 lei valid until the 24.04.2011 and for 600.000 lei valid until the 16.11.2011, were guaranteed by mortgages upon the following tangible unmovable assets:
 - Foundry building C1;
 - Gate building C2;
 - Proper land 8.790 sm (cadastral paper no. 237/2);
 - Access way ½ of 2.609 mp (cadastral paper no. 237/18/1);
 - Cladire corp B-C1;
 - Depozit;
 - Teren aferent 4.203 mp (cadastral paper no. 237/4);
 - Hala monobloc C1;
 - Teren aferent 4.203 mp (cadastral paper no. 237/9);
 - Drum uzinal 3743 mp (cadastral paper no. 237/18/2/1).

The credit balance at the end of 2010 is of 4.078.343,21 lei.

- The credit contract concluded with B.R.D. –S.G.S. Piatra Neamt branch for 643.400 lei valid until the 11.07.2011, is guaranteed by the company with mortgages upon tangible unmovable assets, as follows:
 - land for mechanical procession hall 3.327 sm (cadastral paper no. 237/5)

The credit balance at the end of 2010 is of 170.027,99 lei.

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6. Principles, politics and accounting methods

A. Accounting principles

Assesment of the positions included in the financial situations of 2010 is done according to the accounting principles below:

Principle of the activity continuation – The company will normally continue functioning in the future without entering the impossibility to continue the activity or without its significant deduction.

To assess the application of this presumption, the management analyses the provisions regarding the future cash entries, based on the contract portofolio existent in 2010 and the contract perspectives.

Based on these analyses, the management thinks that the company will be able to continue its activity in the foreseeable future, and therefore the application of the activity continuity in the elaboration of the financial situations is justified.

Principle of the method permanency – the application of the same rules, methods, standards regarding the accounting assessment, registration and presentation of the patrimony elements, thus providing the time compatibility of the accounting information.

Principle of prudence – they considered all the value adjustments due to the value of the assets, as well as all the foreseeable obligations and all the potential losses appeared during the financial exercise concluded, or during a previous exercise.

Principle of the exercise independence – they considered all the incomes and costs of the exercise, without considering the date of cashing the incomes or the payment date.

Principle of the separate assessment of the assets and duties elements – to set the total value proper for a balance position they separately determined the value of each individual element of the assets or duties.

Principle of intangibility – according to which the opening balance for each financial exercise must comply with the ending balance of the previous financial exercise.

Principle of non- compensation – the value of the elements representing assets have not been compensated with the value of the elements representing duties, that is incomes with expenses, except for possible compensations between debts and duties from the same entity, achieved complying with the legal provisions, after the accounting of proper incomes and expenses.

Principle of the economic prevalence upon the judicial – information presented in the financial situations show the economic reality of the events and transactions, not only their juridical form.

Principle of the significance threshold – any element with a significant value is differently presented within the financial situations.

The accounting politics applied in the elaboration of financial situations of the company are presented below:

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6. Principles, politics and accounting methods (continuation)

B. Significant accounting politics

(a) Principle of the activity continuation

The financial situations are elaborated in the probability according to which the company will normally continue in a foreseeable future. The financial situations are elaborated using equal accounting politics for similar transactions and other similar events.

(b) Reported coin

The financial situations are elaborated and presented in lei (RON).

(c) Bases of accounting

The financial situations were elaborated according to the Order of the Ministry of Public Finances no. 3055/2009 – for the approval of the Accounting Rules according to the European directives”, that is the IV and the VII Directive of the European Economic Communities, modified and completed by the Order of the Ministry of Public Finances no. 2869/2010.

The year 2010 was the first year for the application of the accounting amendments synchronized with the European Directives (O.M.F.P. no. 3055/2009)

These financial situations include:

- Balance
- Profit and loss account
- Situation of the changes in the self capitals
- Situation of the treasury flows
- Explicative notes to the annual financial situations

These enclosed financial situations are not meant to present the financial position, the result of the operations and a full set of notes to the financial situations according to the accounting rules and principles accepted in other countries and jurisdictions except Romania. That is why the financial situations are not elaborated for the use of the persons not knowing the accounting and legal rules in Romania, including the Order of the Ministry of Public Finances no.3055/2009 modified and completed by the Order of the Ministry of Public Finances no. 2869/2010.

The company's fiscal year ends on the 31st of December
The reported coin of the company is Leu (RON).

(d) Transactions in foreign coin

The company's transactions in a foreign coin are registered at the exchange currencies communicated by the Romanian National Bank (“BNR”) for the transaction date. The balances in a foreign coin are converted in lei at the currency exchange notified by BNR for the balance date. The profits and losses from the transaction discount in a foreign coin and from the monetary conversion of the assets and debts expressed in a foreign coin are recognized in the profit and loss account, within the financial result.

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6. Principles, politics and accounting methods (continuation)

The currency exchange of the main coins:

	<u>31st of December 2010</u>		<u>31st of December 2009</u>	
Dollar (USD)	1 : LEU	3,2045	1 : LEU	2,9361
Euro (EUR)	1 : LEU	4,2848	1 : LEU	4,2282

(e) Using the assessments

The elaboration of the financial situations according to the O.M.F.P. no. 3055/2009 requires the company's administration to make assessments and hypotheses affecting the reported values of the assets and liabilities, presentation of remained assets and liabilities on the elaboration date of the financial situations and incomes and costs reported for that period. Although these assessments are made by the company's administration based on the best available information at the date of the financial situations, the completed results can be different from these assessment.

The assessments are used for the registration of the risk and expense provisions, for the adjustment of the uncertain adjustment, stock depreciation, liquidation/ tax depreciation.

(f) Unmovable assets

(i) Self assets

The lands and buildings are presented in a balance to the reevaluated value, less the liquidations and adjustments for the depreciation or value losses.

The lands and buildings are separable assets and separately accounted, even when they are purchased together.

The liquidation of the unmovable assets with limited periods of economic use are done systematically, reducing their accounting value. The accounting value of these assets is presented in the balance, being represented by the acquisition cost, production cost or other values replacing the cost, diminished with the cumulated liquidation until that date, as well as the losses cumulated from depreciation.

The assets cost done by the company includes costs representing employees wages, legal contributions and other related expenses, material expenses, location improvement costs, initial delivery and manipulation costs, installation and assembly costs, projection and approval costs, professional fees paid to the lawyers and experts and so on (see note "1.2 Tangible unmovable assets").

The accounting politics adopted by the company for all the tangible unmovable assets is to constantly review the accounting value of each element and reevaluate if necessary. The latest reevaluation of the elements was registered in 2005, except of the actives from the group "Buildings" – reevaluated both on the 31st of December 2007 and the 31st of December 2010.

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6. Principles, politics and accounting methods (continuation)

The increase and decrease in the accounting value obtained at the reevaluation of the tangible unmovable assets are certified as a reserve obtained from reevaluation and self capitals. The decrease which compensates the previous increase of the same asset is diminished from the previously completed reserve; all the others decreases are certified as cists in the loss and profit account. The surplus from the reevaluation included in the reevaluation reserve is capitalized by the direct transfer in the reserves, when this surplus is an achieved benefit. The benefit is considered achieved when emphasizing the asset for which the reevaluation reserve was done.

The reevaluation reserve cannot be distributed, directly or indirectly, except when the reevaluated asset was valued, and in this case the reevaluation surplus is an effective achieved benefit.

(ii) Further expenses of maintenance and repairs

The expenses for the repairs or maintenance of the fix methods completed to re-establish or maintain the value of these assets are are certified in the profit and loss account, on the date of their completion, while the expenses for the improvement of the technical performances are capitalized and liquidated on the remained period of liquidation of that fix method.

When the company certifies the accounting value of a tangible unmovable asset, the cost of a partial replacement (replacement of an item), the accounting value of the replaced part, with the proper liquidation, is emphasized.

(iii) Liquidation and adjustments for depreciation

The liquidation is calculated to diminish the cost, less the residue value, using the liniar liquidation method during the functioning period of the fix methods and their components, which are accounted separately.

The periods estimated on the main groups of tangible unmovable assets are:

<u>Asset</u>	<u>Years</u>
Buildings	10-50
Technical plants and machines	2-28
Other plants, cars, tools and furniture	5-15

Unmovable assets in process of execution are not liquidated.

The lands are not liquidated. The lands presented in the financial situations have been reevaluated by the company according to the legal rules.

In case the accounting value of an asset is bigger than the estimated amount to be recovered, the asset is depreciated at the recoverable amount.

The cost of the major investments and other further expenses are included in the accounting value of the asset. Major investments are capitalized during the remained period of that asset.

The benefits and losses after the cession of the tangible unmovable assets are determined comparing the amounts cashed with the accounting value and are included in the profit obtained after the transactions.

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6. Principles, politics and accounting methods (continuation)

(iv) Assets purchased in leasing

Leasing contracts wherein the company takes full responsibility for the risks and benefits associated to the property are classified as financial leasing.

The registration of the good liquidation forming the object of the contract is completed in case of the financial leasing by the tenant/ user, and in case of the operational leasing by the owner/ financier.

The fix methods purchased by financial leasing are presented at the minimum of the market value and the updated value of the further payments, less the cumulated depreciation and the value depreciation.

The fix methods purchased by financial leasing are treated as investments and are liquidated on the minimum of their lifetime and the leasing period.

(g) Intangible unmovable assets

(i) Other intangible unmovable assets, patterns, licenses, trade marks.

Other intangible unmovable assets purchased by the company are presented at the cost, less the cumulated liquidation and the value losses (see the accounting politics (o), "valuable losses").

(ii) Further costs

Further costs regarding intangible unmovable assets are capitalized only when they increase further economic benefits generated by the asset they refer to. Expenses that do not comply with these criteria are certified as expenses in the moment of their completion.

(iii) Liquidation and adjustments for depreciation

Liquidation is known in the profit and loss account based on the linear method during the estimated lifetime of the intangible unmovable asset. Most of the intangible unmovable assets registered by the company are represented by informatic programs. These are liquidated on a period not longer than 5 years.

(h) Financial unmovable assets

Financial unmovable assets represent attendance interests held by the company in other entities and are emphasized at the initial value, less the registered value losses.

(i) Financial leasing

Rentings are classified as financial leasing when, by means of the renting terms they transfer the company's risks and benefits to the one renting it. All the other forms of renting are classified as operational leaseings. Assets held after the financial leasing are identified as company's assets at their true value at the beginning of the leasing period.

6. Principles, politics and accounting methods (continuation)

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(j) Operational leasing

Leasing wherein an important part of the risks and benefits obtained after the property is retained by the one renting it, are classified as operational locations. Leasing payments in case of an operational leasing shall be certified in the profit and loss account as a linear expense during the leasing contract.

(k) Stocks

Stocks are declared at the minimal value between the cost and the net value that can be achieved. The cost is determined using the first in- first out ("FIFO"). The costs of the finished products and the semifinished products include materials, direct work, other direct costs and the administration costs related to production (based on the exploitation activity). The net value that can be achieved is the sale price estimated in the usual transactions. The adjustments for the material stock depreciation are recognized for those stocks moving slowly, that are used, physically or morally. Those stocks for which we could estimate whether in the near future they can be given to consumption, do not make the object of adjustment, as well as those stocks representing safety stocks for certain plants.

(l) Clients and other debts

The clients accounts are emphasized in the balance at their recoverable value, after the decrease of the necessary adjustments for the depreciation.

In the account of the various debtors we also emphasize the amounts representing treasury advances, are also emphasized the amounts representing treasury advances, undeducted until the balance date.

(m) Adjustments for depreciation and value losses

The net value of the company's assets, other than stocks, is analyzed at the date of each balance so to determine possible value decreases. If such a decrease is probable, the recoverable asset value must be estimated. An adjustment for the depreciation is recognized in the profit and loss account when the net accounting value of the asset exceeds its recoverable value.

The value losses are analyzed at the elaboration date of the financial situations so to determine if these are correctly estimated.

The depreciation adjustment can be resumed if a change in these conditions took place at the end of determining recoverable value.

Resumption of an adjustment for depreciation can be completed so that the net value of the asset does not exceed the historical accounting net value.

(n) Money availability and other equivalents

Money availability include current accounts in lei and currency, cash register amount and other values to be cashed. Money availability is assessed at the currency exchange communicated by the Romanian National Bank valid at the conclusion date of the financial year.

6. Principles, politics and accounting methods (continuation)

(o) Loans

Loans are initially recognized at the cost, less the proper costs for transaction. After the initial recognition, loans are presented at the liquidated value; differences between the cost and the redemption value are recognized in the profit and loss account during the loan at an effective interest rate.

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(p) Suppliers and other debts

The suppliers accounts and other debts are emphasized at the cost. Currency differences which appear at the debts discount at different currencies as opposed to the one initially registered during the period or to those reported to the annual financial situations must be recognized as incomes or costs when they appear. When currency debt is discounted in a further financial year, the currency difference recognized in any financial year, that appears until the discount exercise, is determined considering the change in the currency exchange, from each financial exercise.

(q) Long term debts

These represent the amounts owed on a period larger than 12 months from the balance date.

(r) Reserves

Reserves are identified when the company has a current obligation, legally or as a result of the past events, it is possible that, in order to liquidate the obligation, to need a resource flow, and thus to make an assessment of the necessary amount. Reserves are reviewed at each end of the period and adjusted to reflect the most proper current assessment.

A reserve shall be recognized only when:

- A company has a current obligation generated by a previous event;
- It is likely probable to require a resource output in order to honour that obligation and
- A real assessment of the obligation value can be achieved.

If these conditions are not complied with, no reserve in the financial situations is acknowledged.

A current obligation is a legal or implicit obligation. Legal obligation is the one resulting from a contract (implicitly or explicitly), from the legislation or other law effect. Implicit obligation is the one resulting from the company's actions provided that, by setting a previous practice, by the written politics of the company, or by a specific statement, the company showed its partners that it assumes certain responsibilities, and, as a result, the entity promoted its partners the idea of honouring those responsibilities.

Restructuration reserves, litigations, as well as other provisions for risks and expenses are recognized when the company has a legal or implicit obligation, generated by a previous event, when, for the deduction of this obligation is likely to need a resource exit and when a credible assessment can be done, regarding the value of obligation. Restructuration reserves include direct costs generated by the restructuration, that is the one generated by the restructuration process and are not connected to the permanent development of the company's activity. No reserves for further operational losses are known.

6. Principles, politics and accounting methods (continuation)

(s) Social share

Benefits of losses related to the release, redemption, sale, free cession or cancellation of the self capital tools of the company (shares) will not be recognized in the profit and loss account. The received or paid value after such operations is directly recognized in the self capitals and are differently presented in the balance, that is the situation of the changes in the self capitals.

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Costs related to the release of self capital tools are directly reflected in the self capitals in the Losses line related to self capital tools.

Common shares are classified as the shareholders' capital.

(t) Transactions with the affiliated parts

It is considered that the parties interact when one of these, by means of the right to property, contractual rights, family relations or any other type, can control, directly or indirectly, or influence in a significant way the other part.

(u) Variation effects of the exchange coin

Functional and presentation coin

Elements included in the financial situations are recognized using the coin of the main economic environment wherein the company develops the activity ("functional coin"), that is lei.

Transactions and balances

Transactions in the foreign coin are transformed in the functional coin using the currency exchanges valid on the transaction date. Benefits and losses from the currency exchange resulting from the completion of these transactions and transformation to the currency exchanges of the money assets and liabilities in currency are identified in the income statements.

On the 31st of December 2009 these were:

At the termination 1 EURO = 4,2282 lei,	environment 1 EURO = 4,2373 lei;
At the termination 1 USD = 2,9361 lei,	environment 1 USD = 3,0493 lei

La 31 decembrie 2010 acestea au fost:

At the termination 1 EURO = 4,2848 lei,	environment 1 EURO = 4,2099 lei
At the termination 1 USD = 3,2045 lei,	environment 1 USD = 3,1779 lei

The exchange currencies used by the company are the one published by the Romanian National Bank.

6. Principles, politics and accounting methods (continuation)

(v) Income recognition

The income includes the invoiced amount for the sale of products, VAT excluded, deductions or discounts. The incomes obtained by the company are identified by:

- Product sale

Products sale is recognized at the transfer moment of some important risks and benefits to the client. This takes place when the company sold or delivered the products to the client, the second accepted the products, and the ability of reimbursement of those amounts is reasonably provided.

- Service completion

Service completion is approved in the financial exercise, referring to the transaction conclusion.

- Income from rents

Income from rents is recognized in the accounting exercise wherein they are completed.

- Income from interests

The income from interests are recognized using the method of the effective interest.

- Income from dividends

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The income is recognized when the shareholder right is settled to receive their payment.

(w) Incomes from government subventions

Subventions from the government for the acquisition from unmovable assets are recognized as delayed income and certified as systematic and rational income during the asset lifetime.

(x) Incomes in advance

The incomes in advance represent cashes regarding future periods.

(y) Benefits of the employees

During current activity, the company makes payments to the Romanian country in the benefit of its employees. All the company's employees are included in the Alimony Plan of the Romanian country.

Also, by means of the collective work contract at national level, the company must offer each employee 2 wages at retirement. The company's management does not consider important the impact of this obligation upon the financial situation of the financial year ended on the 31st of December 2010.

The company's contributions are registered on expenses, immediately after their payment and are included to expenses with the employees. Besides, the company does not have any obligation of granting additional benefits to former or current employees.

(z) Financing expenses

The expenses with the interest and other costs related to loans are recognized in the profit and loss account at the moment of their appearance.

6. Principles, politics and accounting methods (continuation)

(aa) Dividends

The obligation of dividend distribution to the company's shareholders is identified in the financial situations in the year they have been approved by the General Annual Assembly.

The dividends distributed to the shareholders, proposed or stated after the balance date, as well as the other similar distributions completed from the profit, is necessary, are not recognized as debts at the balance date.

(ab) Tax on current profit

The profit tax is determined according to the fiscal rules from Romania based on the profit and loss account elaborated by the company and adjusted for certain elements according to the legislation in force.

Using the tax ratio foreseen by the Fiscal Code (Law 571/2003) in force on the elaboration date of the financial situations.

(ac) Contingent debts

One contingent debt is:

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a) a potential obligations, appeared as a result of some past events, before the balance date and whose existence shall be only confirmed by the appearance or non appearance of various uncertain events, that cannot be totally under the company's control or

b) one current obligation appeared as a result of some past events, before the balance date, but which is not recognized because:

- it is sure that resource exits will be necessary for the termination of this debt or
- the debt value cannot be assessed with enough credibility.

Contingent debts are not recognized in the balance, they are only presented in the explicative notes to the financial situations.

Contingent debts are permanently assessed in order to determine if there is a possible resource exit leading to economic benefits. If this resource exit is necessary, generated by an element considered as contingent debt before, a debt or a reserve shall be recognized in the financial situations proper to the period when the event change appeared.

7. Attendances and financing sources

Shares and obligations

Social share subscribed and paid on the 31.12.2010	23.990.846 lei
Number of the subscribed and paid shares on the 31.12.2010	239.908.460 actiuni
Nominal value of a share	0,10 lei
Features of the issued, subscribed and paid shares	Ordinare, nominative, dematerializate
Number of shares issued during 2010	-
Number of the shares subscribed and paid in 2010	-
Number of shares cancelled in 2010	-
Issued obligations	-

The company's movable values (shares) are included in the 2nd category of the Stock Market of Bucharest, being traded on the capital market.

In 2010 the social capital of the company did not suffer any changes, that is no increase or diminish. The social share registered on the 31.12.2010 is of 23.990.846 lei and it is held by a number of 3.354 shareholders.

The structure of the social share on the 31.12.2010 is as follows:

SHAREHOLDER	NO. OF ACTIONS	VALUE - Lei	PERCENTAGE - %
SIF MOLDOVA	132.202.332	13.220.233	55,1053
Easter Eagle Fund LTD	51.731.324	5.173.133	21,5629
Other shareholders, of which:	55.974.804	5.597.480	23,3317
- artificial persons	45.494.397	4.549.439	18,9632
- juridical persons	10.480.407	1.048.041	4,3685
TOTAL	239.908.460	23.990.846	100,00

All the shares of the company are tradable on the Stock Market of Bucharest.

Structura capitalului social la data de 31.12.2009 se prezenta astfel:

SHAREHOLDER	NO. OF ACTIONS	VALUE - Lei	PERCENTAGE - %
SIF MOLDOVA	132.202.332	13.220.233	55,1053
Easter Eagle Fund LTD	51.731.324	5.173.133	21,5629
Other shareholders	55.974.804	5.597.480	23,3317
TOTAL	239.908.460	23.990.846	100,00

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8. Information regarding the employees and the members of the boards of administration, management and supervision

During 2010, the company's average number of employees was of 186 (in 2009 it was 210)
The staff structure on the main activities, according to the organizational structure is as follows:

Category	Number
Top management activity	3
Basic management activity	20
Basic activity	122
Mechanical energetic activity	5
Economic and commercial activity	30
IT activity	1
Other functional activities	5
TOTAL	186

Wages of managers and administrators

The company's board of management is the Board of Administration, formed of 5 members.
On the 31st of December 2010, the Board of Administration is formed of:

Name	Position
Bontas Dumitru	C.A.President
Marin Liana	C.A.vice-president
Esanu Romeo	Member of C.A.
Ianculescu Carmen	Member of C.A.
Chis Vasile Marius	Member of C.A.

The allowance for the administrators is set by the General Assembly of the Shareholders (A.G.O.A.Decision no. 6 from the 29.06.2008).

The company's managers were assigned by the Decision no.6 of the Board of Administration from the 16.02.2009 based on article 143 and 43^{A1} from law no.31/1990 regarding trade companies, republished, with further changes and additions.

The Board of Administration empowered the company's executive administration, formed of 3 managers with the control of the current activity and the company's representation before third parties. On the 31st of December 2010 the structure is as follows:

Name	Position
Timaru Neculai	General manager
Botezatu Cornel	Trade manager
Marian Gabriela	Economic manager

Their wages are agreed by the Board of Administration according to the legal provisions and the mandate agreement.

The allowance for the members of the administration bodies represent 11,16 % of the wages fund of 2010.

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8. Information regarding the employees and the members of the boards of administration, management and supervision (continuation)

The company has no contractual obligations regarding the payment of alimonies to ex member of the board of administration, management and supervision.

The company did not grant advances or credits to the members of the board of administration, management and supervision during the financial year.

The wages for the other categories of employees

The gross wages fund (including the wages fund without medical leaves on the employer's account) completed during 2010 was of 3.459.233 lei.

If on the above mentioned amount, we add the proper contributions for the wages fund, on the company's account, that is:

- Social insurance contribution,
- Contribution for the medical leave and allowance fund
- Contribution for the unemployment fund
- Contribution for the guarantee fund of the wages debt
- Contribution for the social health insurances
- Contribution for the fund for persons with disabilities
- Contribution for the risk fund and work accidents,
- Contribution for the fund for the Local Work Inspectorate

and other costs with the work force, considered social costs in a total amount of 981.628 lei, as well as the meal tickets granted by the company, in the amount of 316.429 lei, then there is a total expense with the staff, in the amount of 4.757.290 lei

9. Economic financial indicators

	<u>2009</u>	<u>2010</u>
1. LIQUIDITY INDICATORS		
Licurrent liquidation (no. of times)	1,72	2,01
Immediate liquidation (no. of times)	0,98	1,19
2. RISK INDICATORS		
Debt degree	0,11	0,03
Interest covering	x	2,40
3. ADMINISTRATION INDICATORS		
Debt rotation speed – clients (no of days)	287	216
Credit rotation speed–supplier (no of days)	108	33
Rotation speed of the unmovable assets (no of times)	0,67	0,88
Rotation speed of total assets (no of times)	0,32	0,46
4. PROFIT INDICATORS		
Rentability of the employed share	x	0,10
Gross margin from sales	x	18,38

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5. INDICATORS REGARDING THE SHARE RESULT

Results on the basic share (lei/act.)	(0,0327)	0,0093
Average price of the shares in a year	0,0924	0,0905

I. Liquidation indicators

Patrimony liquidity set as a report between the asset elements (money availability, stock materials, finished products, placing titles, debts, other assets) and liability elements (credits on short term, creditors, obligations).

Current liquidity or general liquidity, defined by the report between the circulating assets and current debts. For the insurance of the debt reimbursement possibility, the current liquidity must have high values. The value of this indicator increased as opposed to the one registered at the end of 2009, being within the range of the recommended values, that is between 1 and 3.

Immediate liquidity (acid test) appreciates the measure in which exigible debts can be covered based on money availability. A report between the amount of the treasury assets and debts, and current duties has been set.

II. Risk indicators

The company's **debt degree** is calculated as a report between the borrowed capital and the self capital, its value (0,03) confirms the use of the borrowed capital at minimal level and it keeps decreasing as opposed to the previous year.

9. Economic financial indicators (continuation)

The indicator regarding **interest covering** shows how many times the interests can be covered from the completed profit, less the expenses with the interest and profit tax. The obtained value shows that from the obtained value, interest can be covered more than 2,40 times.

III. Administration indicators

The administration indicators assess the efficiency of the total asset or unmovable asset management by the examination of the turnover generated by a certain quantity of assets. The results are acceptable, their improvement, compared to the ones from the end of 2009, being considered the result of the turnover.

IV. Profitability indicators

These indicators express the company's efficiency in achieving profit from the available resources, that is from the money invested in the business by the shareholders. We can consider as profitability indicators good values in the context of economic conditions during 2010.

V. Indicators regarding the result on shares

Indicators regarding the result on shares have been determined according to the IAS 33, setting the main principles for the determination and presentation of the result on share, thus allowing a better comparison of the performance indicators, of different entities within the same reporting period, as well as the indicators of the same entities from one period to another. The economic climate from 2010 influenced the values of these indicators, the value comparison with the ones completed by other entities being recommended.

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10. Other information

10.1 Company's presentation

S.C. MECANICA CEHLAU S.A. was set in 1991 as a trade company based on law no. 15/1991 and law no. 31/1990 and it is registered at the Trade Registry with number J27/8/1991.

The social head office in Piatra Neamt, str. Dumbravei, nr. 6, judetul Neamt, Romania.
The company has no branches or subsidiaries.

The company's main activity is:

- The manufacture of agricultural and forest machines, CAEN code 2830.

10.2 Transactions with the affiliated parties

SIF MOLDOVA Inc is a majority shareholder at S.C. MECANICA CEHLAU Inc. holding 55,1053% of the total shares.

SIF MOLDOVA Inc. elaborated the annual financial situations of the biggest group of entities, part of S.C. MECANICA CEHLAU Inc. as branch.

Eastern Eagle Fund Ltd. Winward CYM holds over 20% of the total number of shares, that is 21,5629%.

The other shareholders hold 23,3317% of the shares, of which: another juridical persons, 18,9632% and other natural persons 4,3685%.

The company holds attendance interests to the social share of S.C. Transport Ceahlau SRL Piatra Neamt in a percentage of 24,28% (unlisted on the capital market). Information regarding the capital, reserves and profit/its loss in 2010 have a neglectible importance, that is:

- total assets: 156.692 lei;
- total debts: 197.603 lei;
- social capital: 210.000 lei;
- legal reserves: 2.600 lei;
- reported result (loss) 184.034 lei;
- exercise result (loss) 69.477 lei;
- net asset/total capitals (40.911) lei.

10.3 Currency transactions

Currency transactions are converted in lei at the currency exchange from the transaction date. Debts and duties expressed at the end of the year, in currency, are converted in lei at the exchange communicated by BNR. The exchange differencies from the reevaluation of debts and duties in currency are reflected in the profit and loss account.

10.4 Profit tax

The profit tax owed by the company is determined based on the accounting result, adjusted with the undeductible expenses and the untaxable incomes where we apply 16%.

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10. Other information (continuation)

For 2010, the expenses with the current profit tax owed by the company (minimum tax owed according to law 571/2003 – Fiscal Code) is in the amount of 8.250 lei.

10.5 Auditor's fee

The fees paid to the company's auditors in the financial year 2010, were in a total amount of 77.147lei (31st of December 2009: 72.188 lei), of which: internal auditor 37.147 lei, external auditor 40.000 lei. Fees are agreed based on the contracts concluded between the parties.

10.6 Turnover

The company's turnover proper for 2010 is of 22.201.451 lei, of which 1.286.057 lei to the export (on the 31st of December 2009:1.064.874 lei) and 17.407.030 lei at inter (on the 31st of December:15.095.011).

	<u>2009</u>	<u>2010</u>
Incomes from the sale of finished products	12.080.651	18.693.087
Incomes from the sale of residual products	277.531	166.376
Incomes from the sale of completed works and completed services	328.672	399.120
Incomes from royalties, administration locations and rents	3.473.017	678.716
Incomes from the sale of goods	1.234.685	2.264.134
Incomes various activities	14	18
Total	<u>17.394.570</u>	<u>20.201.451</u>

10.7 Received and granted commitments

Commitments granted in the total amount of 9.663.023 lei, represent:

- guarantees granted for various suppliers 233.365 lei;
- real estate guarantees granted to the credit institutions (representing the employed credit lines) 9.429.658 lei.

Received commitments in the amount of 4.992.395 lei, represent order tickets and checks from the clients.

11. Situation of the change in self capitals

Subscribed and paid capital on the 31st of December 2010 este de 23.990.846 lei si consta in 239.908.460 shares, fully issued and paid, with a nominal value of 0,10 lei/share.

The company's social shares did not suffer any changes, in the sense of increasing or decreasing it in 2010.

Legal reserves: 931.053 lei

The legal reserves is formed from the statutory profit of the exercise at a rate of 5%, until the total reserve reaches 20% of the social capital paid and subscribed, according to the legislation.

The legal reserve reaches the threshold of 20% of the social capital registered on the 31.12.2004, but as a result of the social capital increase in: 2005 -2009 (from 2.212.358 lei on the 31st of December 2004 to 23.990.846 lei on the 31st of December 2009), as well as the losses registered in the financial years 2008 and

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2009, though this legal reserve was also formed in the further years, did not reach the threshold of 20% from the social capital.

Other reserves: 827.622 lei

Other reserves include:

<u>NAME</u>	<u>AMOUNT</u>
Other profit reserves	441.516
Other reserves- from fiscal facilities	354.563
Other reserves from sale of fix means	29.888
Other reserves from prescribed dividends	1.655
TOTAL	827.622

Reserves representing the excess completed from reserves from the reevaluation of the account fix means 1065 in the amount of 1.578.154 lei

Represent the transfer of the reevaluation reserves at the moment of the asset cession.

Reevaluation reserves (account 105): 19.231.370 lei

The reassessment of the tangible unmovable assets was done as follows:

- in 2005, for all the groups of tangible unmovable assets;
- in 2007 for the tangible unmovable assets from the group: «Constructions»;
- in 2010 for the tangible unmovable assets from the group «Constructions».

Includes:

	<u>Valoare</u>
Reserves from reevaluation -lands	11.229.247
Reserves from reevaluation – Constructions	4.719.651
Reserves from reevaluation – technological outfit	3.234.245
Reserves from reevaluation – devices and plants for measure and control	48.227
Reserves from reevaluation – means of transport	-
Reserves from reevaluation – furniture, stationery, etc.	-
TOTAL	19.231.370

12. Incomes and financial expenses

Incomes and financial expenses are presented as follows:

	<u>2009</u>	<u>2010</u>
FINANCIAL INCOMES TOTAL, of which:	227.646	627.665
-incomes from currency differences	182.317	353.551
-incomes from bank interests	45.329	272.365
-other financial incomes (from the obtained discounts)	-	1.749
FINANCIAL INCOMES TOTAL, of which:	2.675.635	2.476.931
-expenses from currency differences	361.645	620.644
-expenses with bank interests	2.313.990	1.593.621
-expenses regarding granted discounts	-	218.274

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-financial expenses regarding liquidations and adjustments for value losses	-	44.392
FINANCIAL RESULT (LOSSES)	<u>(2.447.989)</u>	<u>(1.849.266)</u>

The most important influence in the financial result is that of the bank interests, generating in 2010 a volume of the financial incomes, the result being a loss from the financial activity.

13. Expenses registered in advance

On the 31st of December 2009 and 2010 the balance of the registered expenses in advance is formed of:

	<u>31st of December 2009</u>	<u>31st of December 2010</u>
SDV-s self production	174.462	126.533
Total expenses in advance	<u>174.462</u>	<u>126.533</u>

14. House and bank accounts

	<u>31st of December 2009</u>	<u>31st of December 2010</u>
Availability at banks in lei	6.501.409	3.393.560
Availability at banks in quotations	96.436	99.735
Cash register availabilities	2.401	29.350
Other values	36	76
Total available	<u>6.600.282</u>	<u>3.522.721</u>

15. The degree of indebtedness

DEGREE OF INDEBTEDNESS ON THE 31st of December 2010

Bank	Credit type	Credit value	Reimbursement term
A. TOTAL CREDITS ON SHORT TERM	Credit line	8.304.942	Sub 1 an
- B.C.R. Piatra Neamt branch	Credit lines	4.700.000 LEI	Sub 1 an
- B.C.R. Piatra Neamt branch	Credit lines	300.000 USD	Sub 1 an
- B. Transilvania Piatra Neamt branch	Credit lines	5.150.000 LEI	Sub 1 an
- B.R.D. – S.G.S. Piatra Neamt branch	Credit lines	643.400 LEI	Sub 1 an
B. TOTAL CREDITS ON LONG TERM	-	-	-
C. TOTAL GENERAL CREDITS (A+B)	-	8.304.942	-

The credits on short term were used for the financing of the current activity. The guarantees required by those banks are represented by mortgages upon the lands and buildings held by the company.

The degree of indebtedness of the company, calculated as a report between the average of the capital borrowed and the average of the self capital; its value (0,03) confirms the use at minimal levels of the capital borrowed and it is in decrease as compared to the previous year.

16. Risk management

The company is exposed to various risks, among which: the risk of the price on the market, the risk of the interest rate, the credit risk, the liquidity risk, currency risk, operational risk, the conformity risk, the litigation risk,

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the reputation risk, the property risk upon the shares and other risks coming from the financial tools held. The management politics of the risk used by the company so to administrate these risks are described below.

a) The price risk on the market

The price risk on the market is the risk that the prices of the purchased and sold goods be sold and vary unfavourably as a result of the changes of the market price. Covering the market risk that the company is subjected to, is administrated by renting some firm contracts with the business partners, both with the raw materials and materiasls, and with clients.

b) Risk of the interest rate

The risk of the interest rate is the risk that the interest value vary because of the change in this rate on the interbank market. The result from the financial activity or cash flows of the company can be affected by the flow of the interest rate on the market, because the company has loans on short term, carrying interests and having a variable component. The company's management permanently monitorize the flows of the interest rate and actions as such.

c) The credit risks

The credit risks appear when the incomplection of obligations of a partner could reduce the cash flow entries from the commercial debts presented at the balance date. The company is not exposed to a significant credit risk. The company's management applies specific politics to make sure that the sale of payable products and services on term are completed by the credible partners, so that the granted trade credit be recovered according to contractual provisions. If there is not enough information regarding a client or if there is a certain risk of its solvability, then the company uses the payment in advance or certain methods of payment guarantee (order ticket or checks). The company also has internal control mechanisms by means of which it properly and continuously monitorize the debts seniority.

d) Liquidity risk

The liquidity risk appears when due dates cannot be paid because of the lack of an availability generated by the debts non collection of the due debts, that is disfunctions between the collection of available amounts and payments to be completed. The company's politics regarding the liquidation risk is to provide, if possible, that it holds enough liquidities at any times to be able to pay the duties, when they are on due date. Moreover, by the credits for the financing of this activity, the company can fill in the cash deficit that can exist at a given time. There are procedures by means of which they monitorize such disfunctions.

e) Currency risk

The currency risk is the risk that the national coin can depreciate pro ratio to the main currency. The currency risk appears when the company's commercial transactions are completed in another coin than the local one, or according to a foreign coin. The company's finished products are also sold on external markets, and a part of the goods, necessary for the activity development are purchased from the external market, being mainly expressed in currencies such EURO. The company's management monitorize the flows of the currency exchange wherein the debts, duties are expressed, the company's contracts intervenering, if possible, with covering procedures of these risks.

f) Operational risk

The operational risk is the risk of production some direct or indirect losses, coming from a large range of cause associated to the company's products, staff, technology and infrastructure, as well as from external factors, others than the credit, market and liquidity risk, such as the ones from legal and regulation requirements. The company's objective is to administrate the operational risk so to achieve an equilibrium between the avoidance of the financial losses and risking the company's reputation, on the one hand, and the efficiency of the cost structure and avoiding the control procedure that represent a restriction for the initiative and creativity, on the other hand.

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g) Conformation risk

The conformation risk includes the environment risk, the financial loss risk generated by the payment of some fines and other penalties coming from the incompleteness of national laws and rules. The risk is limited in a significant way because of the supervision applied by specialists, monitoring controls applied by the company. The company obtained the environment approval no.159 from the 17.06.2010 for the conformation with the legal environment, valid until the 17.06.2020.

h) Litigation risk

The litigation risk is the risk of financial risk, of interruption of the company's operations or any other situation not wanted, that appears from the possibility of not complying with the violation of the legal contract and as a consequence, of actions in court. The risk is diminished by the clauses from the contracts used by the company.

i) The reputation risk

The risk of losing the reputation, coming from the negative advertising related to the company's operations (either true or false) can have as result the decrease of the rating granted to the company's to the bank institutions, anxiety of the suppliers or even actions in court against the company. The company's management applies procedures to minimize risk.

16. Risk management (continuation)

j) The property risk upon shares

The property risk upon shares comes from the investment on shares/ company's attendance and it is a combination of risk, credit, price and operational risk, including the conformation risk and the risk of losing the reputation. The company applies analysis, measurement and assessment procedure of this risk to minimize it.

k) Fiscal risk

Fiscal controls are frequent in Romania, made of detailed reviews of the payers' accounting registers. The penalty system has a positive character. Therefore, according to the results of these controls, the company can owe additional taxes and penalties. Besides, the fiscal legislation is subjected to some certain changes, and the authorities show inconsistency in the interpretation of legislation. Yet, the company's administration think that proper reserves are formed, for all the significant fiscal obligations.

Legal provisions related to the Romania rules in the fiscal area, are changed often. These provisions and rules are not always clearly formulated, which allows various interpretations. Situations wherein interpretations are divergent and are not rare at all. This penalty and fine system applicable in case of a breach in the legal provisions from Romania is serious. Penalties and delay increase to be paid by the country reaches significant amounts.

Tax statements can be reviewed by the fiscal authorities on a period of five years starting on the deposit date. The management considers that it presented correctly and cautiously in the enclosed balance, all the fiscal debts; yet there is a risk that the authorities adopt another position regarding its interpretation.

l) Risk of economic environment

The effects of the economic conditions at international level and from Romania, negatively affected and affect all the participants from economy, the company's activity making no exception from them. Though there are signs of a slight refresh of the economy, it is hard to express if this trend will be kept or if there is the opportunity that the value of the economic indicators or the economic conditions go wrong.

The value adjustment process according to the risk that took place on the international financial markets in 2009 and 2010 affected their performance, leading to a certain uncertainty regarding the future economic evolution.

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Current preoccupations regarding the possibility that the deterioration of the financial conditions contribute in a further stage to an additional diminution of trust, have determined some coordinated efforts from the part of the central banks for the adoption of some special measures, considering as aim the contraction of the bigger and bigger aversion as opposed to the risk and the reset of some normal conditions for the market functioning.

The company's management thinks it takes all the necessary measurements to support the increase in the company's activity in the current market conditions, by means of which:

- Preparation of some administration strategies of a liquidity crisis and setting some measures for preventing possible liquidity crises;
- Constant monitorization of liquidity;
- Reserves of current liquidity
- Daily monitorization of the treasury flows and the assessment of effects upon its creditors of the limited access to funds and the opportunity to increase the operations in Romania

17. Stocks

	<u>31st of December</u> <u>2009</u>	<u>31st of December</u> <u>2010</u>
Raw materials	898.206	772.926
Adjustments for raw materials	(65.658)	(29.121)
Consumable materials, inventory items	432.020	429.454
Adjustments for consumable materials	(7861)	(1.713)
Production in process	952.611	620.907
Adjustments for products in process of execution	(293.548)	(18.728)
Semi- finished	177.022	244.605
Adjustments for semi- finished	(13.824)	-
Finished, residual products	9.479.909	6.392.656
Adjustments for finished and residual products	(483.909)	(378.808)
Stocks from third persons	1.042.566	1.113.009
Adjustments for stocks from third persons	(60.892)	(60.065)
Merchandise and packages	286.179	239.491
Adjustments for merchandise and packages	(83.515)	(82.002)
Advances for stock acquisition	11.065	10.935
Total	<u>12.270.371</u>	<u>9.253.546</u>

In the financial year terminated on the 31st of December 2010 The company formed the following value adjustments:

NAME	Balance on the 1 st of January 2010	Transfers		Balance on the 31 st of December 2010
		In the account	From the account	
	1	2	3	4=1+2-3
1. Adjustments for raw material depreciation	65.658	-	36.537	29.121
2. Adjustments for consumable material depreciation	7.861	-	7.861	-
3. Adjustments for inventory material depreciation	-	1.713	-	1.713
4. Adjustments for production in process of				

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(all amounts are expressed in lei, if not otherwise specified)

execution	293.548	-	274.820	18.728
4. Adjustments for semi- finished	13.824	-	13.824	-
5. Adjustments for finished and residual products	483.909	-	105.101	378.808
6 Adjustments for stocks from third persons	60.892	-	827	60.065
7. Adjustments for merchandise and packages	83.515	17	1.530	82.002
TOTAL	1.009.207	1.730	440.500	570.437

Adjustments for the depreciation of the material stocks were recognized for those stocks with a slow movement or which did not move at all in the past 2 years.

Stock of the inventory objects in use on the 31st of December 2010, emphasized in the accounts outside the balance, are in the amount of 2.738.118 lei (on the 31st of December 2009: 3.115.410 lei)

18. Subventions for investments

	<u>31st of December 2009</u>	<u>31st of December 2010</u>
Grant loans having investment subvention character	180.094	159.906
	<u>180.094</u>	<u>159.906</u>

Proper subventions for unmovable assets are recognized as incomes, based on a systematics during the useful lifetime of the purchased unmovable assets.

On the 31st of December 2010 at the investment subvention position appear the tools purchased by the program "Development of the Northern Eastern Region" developed by ADR in 2003 for the project "Technological modernization of the drill production from S.C. Mecanica Ceahlau Piatra Neamt.

19. Contingent debts

The company has contingent debts according to the law requirements, appearing within current operations .

Environment problems

Legal bases regarding the environment are still in development in Romania and the company did not have any debts on the 31st of December 2010 for any kind of anticipated costs, including legal and consulting taxes, environment studies, projects and implementation of the plans regarding the environment recovery. The company does not think that these costs, related to the environment problems are important. The company registers and pays the contributions for the environment fund according to the Romanian legislation.

Onerous contracts

Onerous contracts are those wherein compulsory costs for the completion of the contractual obligations exceed the related economic benefits. These compulsory costs include at least the net cost connected to the contract completion which is the smallest cost of contract completion and any compensations or penalties from the cancellation. On the 31st of December 2010, The company was not involved in any onerous contract.

Claims related to improper products

On the 31st of December 2010, The company did not have contingent debts related to claims connected to improper products. The management considers the risk of such claims as unimportant. In 2010, the company did not have the insurance policy for product risks.

Insurance policies

On the 31st of December 2010, the company has an insurance for fix means.

GENERAL MANAGER
Eng. Neculai Timaru

ECONOMIC MANAGER
Ec. Gabriela Marian