

## FINANCIAL STATEMENTS

31st December, 2010

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**STATEMENT OF COMPREHENSIVE INCOME**  
**31st December, 2010**  
**(Expressed in '000, Ron)**

	<u>Notes</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Revenue	4	5356	6959
Cost of sales	5	<u>-3730</u>	<u>-4934</u>
<b>Gross profit</b>		<b>1626</b>	<b>2025</b>
Other operating income		45	81
Distribution costs	5	<u>-1613</u>	<u>-1917</u>
Administrative expenses	5	<u>-262</u>	<u>-313</u>
Other operating expenses	5	<u>-9</u>	<u>-4</u>
<b>Profit from operations</b>		<b>-213</b>	<b>-128</b>
Finance costs		<u>-9</u>	<u>-13</u>
Finance income		11	16
Income(Loss) on disposal of discontinued operations		0	0
Exchange (loss)/gain		<u>-27</u>	<u>-73</u>
<b>Profit before tax</b>		<b>-238</b>	<b>-198</b>
Income tax expense		<u>-9</u>	<u>-7</u>
<b>Profit from continuing operation</b>		<b>-247</b>	<b>-205</b>
Other comprehensive income:		<u>0</u>	<u>0</u>
<b>Net Profit/(Loss) for the period</b>		<b>-247</b>	<b>-205</b>

Notes forming an integral part of the financial statements on pages 5 to 22.



**STATEMENT OF FINANCIAL POSITION**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

<b>ASSETS</b>	Notes	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>Non Current Assets</b>		<b>313</b>	<b>510</b>
Property, plant and equipment	6	258	308
Intangible assets	7	1	148
Goodwill	8		
Other long term receivables		54	54
<b>Current Assets</b>		<b>3590</b>	<b>3440</b>
Inventories	9	2134	2125
Trade and other receivables	10	745	906
Cash and cash equivalents	11	672	394
Prepayments/accrued income		39	15
<b>Non current assets classified as held for sale</b>			
<b>Total assets</b>		<b>3903</b>	<b>3950</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	2977	2977
Retained earnings	13	625	830
Revaluation reserves	14		
Profit/(loss) for the year		-247	-205
<b>Total equity</b>		<b>3355</b>	<b>3602</b>
<b>Non current liabilities</b>			
Bank loans and overdrafts-due after one year	15		
Retirement benefit obligation	16		
Deferred tax liabilities	21		
Obligations under finance leases-due after one year	17		
<b>Current liabilities</b>		<b>548</b>	<b>348</b>
Trade and other payables	18	332	298
Bank loans and overdrafts-due within one year	15	183	0
Tax liabilities			
Obligations under finance leases – due within one year	17		
Provisions	19		
Accrued expenses/Deferred income	20	33	50
<b>Total equity and liabilities</b>		<b>3903</b>	<b>3950</b>

Notes forming an integral part of the financial statements on pages 5 to 22



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31st December, 2010**  
(Amounts Expressed in 000, Ron)

	Share capital	Retained earnings	Revaluation reserves	Accumulated Losses carried forward	Hedging reserves	Translation reserves	Total Equity
	Ron '000	Ron '000	Ron '000	Ron '000	Ron '000	Ron '000	Ron '000
Balance at 01.01.2009	2977	830					3807
Changes in accounting policy (adoption of IFRS)							
Profit/Loss for the year		-205					-205
<b>Equity as at 31.12.2009</b>	<b>2977</b>	<b>625</b>					<b>3602</b>
Balance at 01.01.2010	2977	625					3602
Revaluation Reserve							
Profit for the year		-247					-247
Currency translation differences							
Other reserves							
<b>Equity as at 31.12.2010</b>	<b>2977</b>	<b>378</b>					<b>3355</b>



**STATEMENT OF CASH FLOWS**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

<u>Cash flows from operating activities</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
<b>(Loss)/ Profit before taxation</b>	<b>-238</b>	<b>-198</b>
<b>Adjustments for:</b>		
Depreciation of assets	292	403
Income from provisions and impairment loss	-36	-10
Unrealised foreign exchange effect on non operating items	27	73
Income from compensations		-42
Interest income	-7	-7
Interest expense	9	13
(Increase)/Decrease in prepayments	-24	8
(Increase)/Decrease in trade and other receivables	83	628
(Increase)/Decrease in inventories	-71	-79
Increase/(Decrease) in trade and other payables	85	-339
Income taxes paid	-19	-54
Interest paid	-9	-13
Interest received	7	7
<b>Cash flows from operating activities</b>	<b>337</b>	<b>588</b>
<b>Net cash from operating activities</b>	<b>99</b>	<b>390</b>
 <u>Cash flows from investing activities</u>		
Purchases of property, plant and equipment		
Purchases of property, plant and equipment	-4	
Payments of long term guarantee		-6
<b>Net cash flows from investing activities</b>	<b>-4</b>	<b>-6</b>
 <u>Cash flows from financing activities</u>		
Loans repaid		-510
Lease payments		-12
Proceeds from short term borrowings		
<b>Cash flows from financing activities</b>	<b>0</b>	<b>-522</b>
<b>Net increase in cash and cash equivalents</b>	<b>95</b>	<b>-138</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>394</b>	<b>532</b>
<b>Cash and cash equivalents at end of year</b>	<b>489</b>	<b>394</b>

Notes forming an integral part of the financial statements on pages 5 to 22.



**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**1. Corporate information**

The financial statements for the period January 1<sup>st</sup> to December 31<sup>st</sup> 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS).

**2. Objective**

AG Petzetakis' Romania main objective is trading items, which are produced from plastic. Its range of products is applied in several activity sectors, among which stand out the agriculture, industrial and building site and public works.

**3. Summary of significant accounting policies**

**3.1. Basis of presentation**

The financial statements have been prepared under the historical cost basis. The financial statements are presented in [Ron] and all amounts are rounded in thousands.

**3.2. Statement of compliance**

The financial statements of the company have been prepared, for first time (first adoption opening balances of 1.1.2003), in accordance with International Financial Reporting Standards (I.F.R.S.).

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**3. Significant accounting policies (cont'd)**

**3.3. Foreign currency translation**

Transactions in foreign currencies are reflected at the rate prevailing at the time the transactions are recorded. Monetary assets and liabilities in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Realised and unrealised exchange gains and losses are transferred to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

The exchange rate used for the retranslation of monetary assets and liabilities in foreign currencies at 31st December 2010 was 4.2848 Ron for a Euro.

**3.4. Depreciation and amortisation**

**Property, plant and equipment**

Transportation means and equipment are stated at cost less accumulated depreciation and any impairment in value. Machinery is measured at fair value less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<u>Category of assets</u>	<u>Useful life</u>
Buildings	12
Plant and machinery	18
Office equipment	2
Transportation means	6

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Following initial recognition at cost, fixed assets are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on fixed assets accumulated impairment losses.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**3. Significant accounting policies (cont'd)**

**3.5. Depreciation and amortisation (cont'd)**

**Property, plant and equipment (cont'd)**

**3.6. Income tax**

Income tax is based on taxable profits for the period at the rate, which is in force for each year for the company: (16% for year 2010). Taxable profits differ from company's profit as reported in the income statement because they exclude items of income or expenses that are taxable or deductible in other years and they further exclude items that are never taxable or deductible.

There is no case of deferred tax for the period ended 31st December 2010.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**3. Significant accounting policies (cont'd)**

**3.7. Taxation (cont'd)**

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and are reduced if it is necessary to the extent that it is no longer probable that taxable profits will be available to allow all or part of the asset or liability to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the liability is settled or asset is realised.

Deferred tax is charged or is credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred tax is also accounted for against equity.

**3.8. Goodwill**

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The management did not consider necessary the adoption of a depreciation policy for goodwill; subsequently goodwill is stated at cost in balance sheet. Goodwill is reviewed frequently for impairment, especially if events or changes in circumstances indicate that the carrying value may be impaired.

There is not the case of goodwill for AG Petzetakis Romania at the moment.

**3.9. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows for both the current and previous year.

Raw materials	- purchase cost on a first-in, first-out basis;
Goods	- purchase cost on a first-in, first-out basis;

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Out of the total inventory presented at the end of the reporting period, RON 106.800,00 represent inventory older than one year.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**3. Significant accounting policies (cont'd)**

**3.10. Retirement benefits**

Not applicable. There are no retirement benefit costs or liabilities.

**3.11. Revenue**

*Sales of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured (excluding relevant V.A.T.).

*Interest*

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

*Dividends*

Revenue is recognised when the shareholders' right to receive the payment is established.

**3.12. Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

There are no government grants at the moment.

**3.13. Trade and other receivables**

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Bad debts are written off when identified.

Out of total balance of Provision for doubtful debts presented at the end of the reporting period in total amount of Ron 142.989, Ron 41.404,00 represent receivables older than one year and the rest of the total amount, Ron 101.585,00, represent doubtful debts.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**3. Significant accounting policies (cont'd)**

**3.14. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three month or less. For the purpose of the consolidated cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

**3.15. Bank borrowings**

Interest – bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

**3.16. Trade payables**

The trade payables are stated at their nominal value.

**3.17. Finance leases**

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income except if related to investment property, which can be treated according to IAS 23 “Borrowing costs and capitalised”.

Borrowing costs are recognised as an expense when incurred and charged directly against income.

There are no lease contracts at the momen.

**3.18. Contingent liabilities**

The contingent liabilities are represented by guaranties for the loans granted Volksbank. The guarantees are the contracts signed with the company’s customers. The list of contracts that represent the guaranties are:

- Praktiker, Straaltechniek Minex International, Fibrex Co Srl, Westcon Grup Srl = 100.000 Euro

The credit line related to these guaranties is valid until the 12<sup>th</sup> of November 2011.

**3.19. Events after balance sheet date.**

Not applicable. There is no such case.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**4. Revenue**

Analysis of company's revenue is as follows:

	<u>31.12.10</u>	<u>31.12.09</u>
Sales of goods	5356	6959
Finished and semi finished goods		
Other		

The following table provides an analysis of the sales by geographical area:

	<b>Romania</b>	<b>Rest of Europe</b>	<b>S. Africa</b>	<b>Other</b>	<b>Total</b>
<b>31-12-10</b> Volume Sales ('000 Kgr)	1926	8			<b>1934</b>
Sales to external customers ('000 Ron)	5325	8			<b>5333</b>
Sales to internal customers (within the company)		23			<b>23</b>
Total Sales ('000 Ron)	5325	31			<b>5356</b>
<b>31-12-09</b> Volume Sales ('000 Kgr)	2557	9			<b>2566</b>
Sales to external customers ('000 Ron)	6914	40			<b>6954</b>
Sales to internal customers (within the company)		5			<b>5</b>
Total Sales ('000 Ron)	6914	45			<b>6959</b>

The following table provides an analysis of the sales by product segment :

	<b>Infrastru cture</b>	<b>Housing</b>	<b>Agriculture</b>	<b>Industrial</b>	<b>Mining / Garden</b>	<b>Other</b>	<b>Total</b>
<b>31-12-10</b> Volume Sales ('000 Kgr)			878		858	198	<b>1934</b>
Sales to external customers ('000 Ron)			211		3628	1494	<b>5333</b>
Sales to internal customers (within the company)						23	<b>23</b>
Total Sales ('000 Ron)			211		3628	1517	<b>5356</b>
<b>31-12-09</b> Volume Sales ('000 Kgr)			425		1933	208	<b>2566</b>
Sales to external customers ('000 Ron)			410		4233	2311	<b>6954</b>
Sales to internal customers (within the company)						5	<b>5</b>
Total Sales ('000 Ron)			410		4233	2316	<b>6959</b>

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**5. Operating expenses**

An analysis of the company's expenses is as follows:

	<u>31.12.10</u>	<u>31.12.09</u>
Wages	578	679
Utilities	422	494
Depreciation	292	534
Sundry expenses	592	527
Material costs	3730	4934
Marketing/promotion costs	0	0

The above amounts have been allocated as follows:

**Cost of sales**

	<u>31.12.2010</u>	<u>31.12.2009</u>
Wages		
Utilities		
Depreciation		
Sundry expenses		
Material costs	3730	4934
Marketing/promotion costs		
	<u>3730</u>	<u>4934</u>

**Administration expenses**

	<u>31.12.2010</u>	<u>31.12.2009</u>
Wages	81	95
Utilities	59	69
Depreciation	41	75
Sundry expenses	81	74
Material costs		
Marketing/promotion costs		
	<u>262</u>	<u>313</u>

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**Other operating expenses**

	<u>31.12.2010</u>	<u>31.12.2009</u>
Wages		
Utilities		
Depreciation		
Sundry expenses	9	4
Material costs		
Marketing/promotion costs		
	-----	-----
	9	4

**Distribution expenses**

	<u>31.12.2010</u>	<u>31.12.2009</u>
Wages	497	584
Utilities	363	425
Transportation costs	119	121
Depreciation	251	459
Sundry expenses	383	328
Material costs		
Marketing/promotion costs		
	-----	-----
	1613	1917

**Restructuring costs**

	<u>31.12.2010</u>	<u>31.12.2009</u>
Dismissals		
AGP Bad debts		

Notes to the financial statements  
31st December, 2010  
(Expressed in 000, Ron)

6. **Property, plant and equipment**

	Land 000' Ron	Buildings 000' Ron	Fixtures and Equipment 000' Ron	Transportation Means 000' Ron	Assets under Construction 000' Ron	Total 000' Ron
<b>Cost of valuation</b>						
At 1 January, 2009	40		689			729
Translation difference						
Additions						
Disposals			-3			-3
Revaluation increase						
<b>At 31 December, 2009</b>	<u>40</u>		<u>686</u>			<u>726</u>
<b>Accumulated depreciation and impairment</b>						
At 1 January, 2009	6		325			331
Translation difference						
Charge for the year	4		86			90
Disposals			-3			-3
<b>At 31 December, 2009</b>	<u>10</u>		<u>408</u>			<u>418</u>
<b>Carrying amount</b>						
<b>At 31 December, 2009</b>	<u><b>30</b></u>		<u><b>278</b></u>			<u><b>308</b></u>

Notes to the financial statements  
31st December, 2010  
(Expressed in 000, Ron)

6. Property, plant and equipment (*cont'd*)

	Land 000' Ron	Buildings 000' Ron	Fixtures and Equipment 000' Ron	Transportation Means 000' Ron	Assets under Construction 000' Ron	Total 000' Ron
<b>Cost of valuation</b>						
At 1 January, 2010	40		686			<u>726</u>
Translation difference						
Additions			36			36
Disposals						
Revaluation increase						
<b>At 31st December, 2010</b>	<u>40</u>		<u>722</u>			<u>762</u>
<b>Accumulated depreciation and impairment</b>						
At 1 January, 2010	10		408			<u>418</u>
Translation difference						
Charge for the year	1		85			86
Disposals						
<b>At 31st December, 2010</b>	<u>11</u>		<u>493</u>			<u>504</u>
<b>Carrying amount</b>						
<b>At 31st December, 2010</b>	<u>29</u>		<u>229</u>			<u>258</u>

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**7. Intangible assets**

	<b><u>Patents, Trademarks</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Cost</b>			
At 1 January, 2009	861		861
Translation difference			
Additions			
<b>At 31 December, 2009</b>	<u>861</u>		<u>861</u>
<b>Accumulated amortisation</b>			
At 1 January, 2009	446		446
Translation difference			
Charge for the year	267		267
Impairment			
<b>At 31 December, 2009</b>	<u>713</u>		<u>713</u>
<b>Carrying amount</b>			
<b>At 31 December, 2009</b>	<u>148</u>		<u>148</u>
	<b><u>Patents, Trademarks</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Cost</b>			
At 1 January, 2010	861		861
Translation difference	-412		-412
Additions			
<b>At 31st December, 2010</b>	<u>449</u>		<u>449</u>
<b>Accumulated amortisation</b>			
At 1 January, 2010	713		713
Translation difference	-412		-412
Charge for the year	147		147
Impairment			
<b>At 31st December, 2010</b>	<u>448</u>		<u>448</u>
<b>Carrying amount</b>			
<b>At 31st December, 2010</b>	<u>1</u>		<u>1</u>

**8. Goodwill**  
Country of  
Residence

31.12.10

31.12.09

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

<b>9. Inventories</b>	<u>31.12.10</u>	<u>31.12.09</u>
Raw materials		1
Work in progress		
Finished and semi finished goods		
Merchandise	2241	2202
Spare parts		
Other inventories		
Provision for slow moving	(107)	(78)
 <b>10. Trade and other receivables</b>	 <u>31.12.10</u>	 <u>31.12.09</u>
Trade receivables	853	950
Other receivables	35	101
Provision for doubtful debts	(143)	(145)
 <b>11. Cash and cash equivalents</b>	 <u>31.12.10</u>	 <u>31.12.09</u>
Cash in hand	2	15
Balances with banks	300	379
Deposits with banks	370	
 <b>12. Share capital</b>	 <u>31.12.10</u>	 <u>31.12.09</u>
Authorised, issued and fully paid: [ ] ordinary shares of [ ] each	2977	2977

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

13. **Capital reserve**

	<u>31.12.10</u>	<u>31.12.09</u>
Statutory reserve	142	
Special reserve		
Tax free reserve		
Share premium		
Retained earnings	483	830

14. **Revaluation reserve**

	<u>Land &amp; buildings</u>	<u>Plants &amp; machinery</u>	<u>Other</u>	<u>Total</u>
Balance as at 1.1.2009				
Addition for the year				
<b>Balance 31.12.2009</b>	not applicable			
Addition for the period				
<b>Balance 31.12.2010</b>	not applicable			

15. **Bank loans and overdrafts.**

	<u>31.12.10</u>	<u>31.12.09</u>
Bank loans and overdrafts – due after one year	0	0
Bank loans and overdrafts – within one year:	183	0
- Volksbank Romania	183	0
- Alpha Bank Romania		

Also, following analysis is required:

Bank loans and overdrafts – within one year:

Bank name	Duration	Interest rate	Security
Volksbank Romania	Yearly renewal	Day interest rate + 4%	secured

16. **Retirement benefit obligation (Staff leaving indemnities SLI)**

Not applicable.

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**17. Obligation under finance lease**

The company has financial leases for plant and machinery. Future minimum lease payments under finance leases together with the present value of the minimum lease payment are as follows:

	<u>31.12.10</u>	<u>31.12.09</u>
	<u>000'</u>	<u>000'</u>
Present value of payments	0	0
Within one year	0	0
After one year but not more than five years		
Over than five years		
<b>Total minimum lease payments</b>		
Less: Amounts representing finance charges		

**18. Trade and other payables**

	<u>31.12.10</u>	<u>31.12.09</u>
Trade payables	286	191
Other creditors		
Advances from clients	3	
Other payables	43	107

**19. Provisions**

	<u>31.12.10</u>	<u>31.12.09</u>
At 1 January 2010		
Additional provision during the year		
Utilised during the year		

**At 31st December 2010**

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

20.	<b>Accrued expenses/Deferred income</b>	<u>31.12.10</u>	<u>31.12.09</u>
	Government grants		
	Accrued expenses	33	50
	Deferred income		
	Reconciliation		
21.	<b>Deferred tax liabilities</b>		
	Deferred tax liabilities relates to the following:	<u>31.12.10</u>	<u>31.12.09</u>
	Accelerated depreciation for account purposes		
	Accelerated wear and tear for tax purposes		
	Finance lease		
	Prepayments		
	Provision for doubtful debts		
	Salary related provision		
	Provision for settlement discount		
	Provision for credit notes		
	Tax loss		
	Revaluation of plant and machinery		
	Other		

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

**22. Commitments and contingencies**

Not applicable.

**23. Related party disclosures**

**a) Intercompany transactions (ICOY file) as per 31.12.10 / 31.12.09**

		Amounts owed by related parties	Amounts owed to related parties	Loans to related parties	Sales to related parties	Purchases from related parties	Financial revenues	Other services
Induplas, SpA	31/12/2010		-12			41		
	31/12/2009		16			55		
Petzetakis, A.G.	31/12/2010	26	-805		23	857		
	31/12/2009		40			2561		
AG Petzetakis GMBH	31/12/2010		12			151		
	31/12/2009		0			141		
Petzetakis N Greece	31/12/2010					43		
	31/12/2009				6	44		
Flexiplas	31/12/2010		50			409		
	31/12/2009							

**b) Directors' remuneration**

The following table records the emoluments payable to each director during the period:

	<u>Fees for services</u>	<u>Basic salary</u>	<u>Bonus</u>	<u>Expenses allowance</u>	<u>Pension Contribution</u>	<u>Total</u>
31st December, 2010 Executive directors		87				87
31st December, 2009 Executive directors		67				67

**c) Managements' remuneration - Not applicable.**

**Notes to the financial statements**  
**31st December, 2010**  
**(Expressed in 000, Ron)**

24. **Financial risk management objective and policies**

***Foreign currency risk***

The company does not use any hedging contracts to minimise foreign currency risk.

***Commodity price risk***

The Company's exposure to price risk is minimal.

***Credit risk***

This risk refers to the possibility that receivables will not be collected and results from the company's daily transactions. However, it does pursue the minimization of such risk through evaluating customers and selecting the most reliable and credit worthy as possible.

Moreover, the company's large clientele and its non-dependence from a specific large client is yet another factor that minimizes credit risk.

## **INDEPENDENT AUDITOR'S REPORT**

### **To the shareholders of SC AG PETZETAKIS ROMANIA SRL**

#### **Report on the financial statements**

- 1 We have audited the accompanying financial statements of AG PETZETAKIS ROMANIA SRL, which comprise the balance sheet as at 31 December 2010 and the income statement for the year then ended and other explanatory notes, presenting the following:

Net assets/Total equity and reserves: 3.355.288 RON  
Loss for the year: 246.610 RON

#### **Management's Responsibility for the Financial Statements**

- 2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 3055/2009. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimate that are reasonable in the circumstances.

#### **Auditors responsibility**

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for Qualified Opinion**

- 5 The Company does not have complete internal procedures to ensure compliance with the requirements of IAS 2 « Inventories » regarding the recognition of provisions for slow moving and damaged inventories. Based on our estimation the inventories position includes slow moving and damaged products in amount of 303 thousand RON for which a partial provision in amount of 107 thousand RON has been recorded. The Company's management estimates that an additional provision is not necessary. However, the net realizable value of inventories could be different compared to the management estimates.

## Opinion

- 6 In our opinion, except for the possible effects of adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves on the issues mentioned in the Basis for Qualified Opinion paragraphs, the financial statements have been prepared, in all material respects, in accordance with the Order of the Minister of Public Finance no. 3055/2009.

## Emphasis of matter

- 7 The Company was not subject to a general fiscal control since 2005. As tax periods remain open for tax audits performed by the tax authorities for 5 years, the value of fiscal obligations and related accessories will be established with certainty once a fiscal tax audit by will be performed.
- 8 During the year the company made significant stock acquisitions (55%) from AG Petzetakis SA, Greece. Considering the dependence on this supplier and its subsidiaries, the Company might not able to continue as a going concern due to the financial difficulties of AG Petzetakis SA, Greece.

Name of signing person: Vasile Bulata  
Registered with the Chamber of Financials Auditors in  
Romania  
Cu nr. 1480 / 2002

On behalf of  
BDO Audit SRL  
Registered with the Chamber of Financials Auditors in  
Romania  
Nr. 018 / 2001



Bucharest, Romania  
29 March 2011