



AUDIT ONE

Less taxes, more profit

SC AUDIT ONE SRL
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INDEPENDENT AUDITOR'S REPORT

ENTITY: AG PETZETAKIS ROMANIA SRL

TO:

Moore Stephens
Chartered Accountants A.E.
93 Akti Miaouli
185 38 Piraeus-Greece
P.O. Box 80 132

Attn: Mr. D. Diamantaras

Dear Sirs,

Year End: 31 December 2008

We have audited the accompanying financial statements of **AG Petzetakis Romania SRL**, which comprise the balance sheet as at **31/12/2008**, and the income statement, statement of changes in equity and cash flow statement for the year 2008 then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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 estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraph concerning the basis for qualified opinion, we conducted our audit in accordance with International Standards on Auditing. 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.

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 judgement, 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

1. Based on the accounting treatment presented at Note 3.5 including in the reporting package, 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. Fair value is determined by independent estimators and is defined as the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

There are no accounting records related to this evaluation as at 31/12/2008 and we were not provided with independent estimator's report.

2. According to Note 3.9 included in the reporting package, out of the total inventory presented at the end of the reporting period, RON 97.289 represent inventory older than one year. We were not provided with a detailed report of inventories older than one year and based on our review the correct amount is RON 132.993. The company should have included in the note the accounting treatment related to slow moving allowance and explanation related to the provision recorded at the year end in amount of RON 55.394.

3. The costs are allocated on each activity based on percentage method (20% for administrative costs and 80% for distribution costs in 2007 and 14% for administrative costs and 86% for distribution costs in 2008) which is not specifically recommended by the Group booklet. We were unable to satisfy ourselves as to the allocation of costs on each activity for the year 2007.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the aspects mentioned in the paragraphs 1, 2 and 3, the financial statements give a true and fair view of the financial position of **AG Petzetakis Romania SRL** as of 31/12/2008, and of its financial performance and its cash flows for the year 2008 then ended in accordance with International Financial Reporting Standards.

Without qualifying our report we draw attention to the fact that the company did not have formal procedures for operational activity and no internal controls were in force during the audited year 2008.

Without qualifying our report at this stage we draw attention to the fact that based on trading companies Law, at least 5% of the company's profits shall be allotted every year, in order to form the reserve fund until it amounts to minimum one fifth of the share capital. There shall be penal punishment for the founder, the administrator, the director, the executive director, or the legal representative of the company whom infringes the mentioned legal provisions. Based on our review, starting with 2004 the company should constitute the legal reserve from retained earnings in a total amount of 113 Kron.

Without qualifying our report at this stage we draw attention to the fact that for two key-accounts (Praktiker and Ideal Casa) bonuses are calculated based on monthly turnover but are recorded as cost as being invoiced by the customer. These amounts should diminish the turnover and presented accordingly in the financial statements.

Without qualifying our report we draw attention to the fact that the company has not been tax audited by the relevant tax authorities from 2005 and after, and thus it is possible that additional taxes and surcharges may be imposed when the fiscal years are audited and finalized. The outcome of the tax audit cannot be assessed at the current stage and thus there has been no relevant provision in the financial statements.

20/02/2009

Yours faithfully
Managing Partner,
Ana Dinca



AUDIT ONE SRL

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FINANCIAL STATEMENTS

31st December, 2008

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INCOME STATEMENT
31st December, 2008
(Expressed in '000, Ron)

	<u>Notes</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
Revenue	4	9191	9013
Cost of sales	5	<u>-6373</u>	<u>-6577</u>
Gross profit		2818	2436
Other operating income		30	344
Distribution costs	5	<u>-2417</u>	<u>-1448</u>
Administrative expenses	5	<u>-394</u>	<u>-370</u>
Other operating expenses	5	<u>-18</u>	<u>-315</u>
Restructuring costs			
Profit from operations		19	647
Finance costs		<u>-36</u>	<u>-174</u>
Finance income		7	139
Income(Loss) on disposal of discontinued operations		0	0
Exchange (loss)/gain		<u>-54</u>	<u>0</u>
Profit before tax		-64	612
Income tax expense		<u>-8</u>	<u>-59</u>
Loss after tax – continuing operations			
Minority interest			
Net Profit/(Loss) for the period		-72	553

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

BALANCE SHEET
31st December, 2008
(Expressed in 000, Ron)

ASSETS	<u>Notes</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
Non Current Assets		861	1084
Property, plant and equipment	6	398	402
Intangible assets	7	415	682
Goodwill	8		
Other long term receivables		48	
Current Assets		<u>4135</u>	<u>3718</u>
Inventories	9	2046	1631
Trade and other receivables	10	1534	1283
Investments held for trading			
Deferred tax asset			
Cash and cash equivalents	11	532	804
Prepayments/accrued income		23	
Non current assets classified as held for sale			
Total assets		<u><u>4996</u></u>	<u><u>4802</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	2977	2977
Capital reserves	13	902	349
Revaluation reserves	14		
Hedging reserve			
Translation reserve			
Accumulated profit/loss		-72	553
Minority interest			
Total equity		<u><u>3807</u></u>	<u><u>3879</u></u>
Non current liabilities			22
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		22
Current liabilities		1189	901
Trade and other payables	18	637	822
Bank loans and overdrafts-due within one year	15	510	
Tax liabilities			
Obligations under finance leases – due within one year	17	12	79
Provisions	19		
Accrued expenses/Deferred income	20	30	
Liabilities directly associated with non-current assets classified as held for sale			
Total equity and liabilities		<u><u>4996</u></u>	<u><u>4802</u></u>

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, 2008
(Amounts Expressed in 000, Ron)

	Share capital	Capital reserves	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 01.01.2007	2977	349					3326
Changes in accounting policy (adoption of IFRS)							
Profit/Loss for the year		553					553
Equity as at 31.12.2007	2977	902					3879
Balance at 01.01.2008	2977	902					3879
Revaluation Reserve							
Profit for the year		-72					-72
Currency translation differences							
Other reserves							
Equity as at 31.12.2008	2977	830					3807

CASH FLOW STATEMENT
31st December, 2008
(Expressed in 000, Ron)

<u>Cash flows from operating activities</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
(Loss)/ Profit for the year	-64	612
Adjustments for:		
Depreciation of assets	405	203
Unrealised foreign exchange effect on non operating items	54	22
Interest income	-7	-2
Interest expense	24	17
Decrease of provisions		-207
Increase in trade and other receivables	-398	20
Increase in inventories	-425	-71
Increase in trade and other payables	-155	516
Income tax paid	-91	-77
Cash flows from operating activities	-593	421
Net cash from operating activities	-657	1033
<u>Cash flow from investing activities</u>		
Purchases of property, plant and equipment	-31	-161
Purchases of property, plant and equipment	-5	-632
Net cash flow from investing activities	-36	-793
<u>Cash flow from financing activities</u>		
Proceeds from short term borrowings	510	
Lease payments	-89	-78
Cash flow from financing activities	421	-78
Net increase in cash and cash equivalents	-272	162
Cash and cash equivalents at beginning of year	804	642
Cash and cash equivalents at end of year	532	804

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

Notes to the consolidated financial statements
31st December, 2008
(Expressed in 000, Ron)

1. Corporate information

The consolidated financial statements for the period January 1st to December 31st 2008 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, 2008
(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 2008 was 3.9852 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, 2008
(Expressed in 000, Ron)

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

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

Property, plant and equipment (cont'd)

Fair value is determined by independent estimators and is defined as the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the asset revaluation reserve and the rest is transferred to the income statement. Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

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 2008). 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.

The deferred income tax is not applicable for the company.

Notes to the financial statements
31st December, 2008
(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.

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 97.289,00 represent inventory older than one year.

Notes to the financial statements
31st December 2008
(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.

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.

Trade and other receivables presented at the end of the year are less than 1 year.

Notes to the financial statements
31st December, 2008
(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.

3.18. Contingent liabilities

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

- Volksbank: Praktiker = 125.000 Euro
- Alpha Bank: Fluidix = 200.000 Euro
 - Black max = 170.000 Euro
 - Pro Activ = 250.000 Euro

3.19. After balance sheet date events.

Not applicable. There are no after balance sheet date events.

Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

4. Revenue

Analysis of company's revenue is as follows:

	<u>31.12.08</u>	<u>31.12.07</u>
Sales of goods	9191	9013
Finished and semi finished goods		
Other		

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

		Romania	Rest of Europe	S. Africa	Other	Total
31-12-08	Volume Sales ('000 Kgr)	2410	27			2437
	Sales to external customers	9108	83			9191
	Sales to internal customers (within the company)					
	Total Sales	9108	83			9191
31-12-07	Volume Sales ('000 Kgr)	2719	122			2841
	Sales to external customers	8229	178			8407
	Sales to internal customers (within the company)		606			606
	Total Sales	8229	784			9013

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

		Infrastru cture	Housing	Agriculture	Industrial	Mining / Garden	Other	Total
31-12-08	Volume Sales ('000 Kgr)			641		1460	336	2437
	Sales to external customers			741		4909	3541	9191
	Sales to internal customers (within the company)							
	Total Sales			741		4909	3541	9191
31-12-07	Volume Sales ('000 Kgr)			935		1657	249	2841
	Sales to external customers			877		4680	2850	8407
	Sales to internal customers (within the company)					13	593	606
	Total Sales			877		4693	3443	9013

Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

5. Operating expenses

An analysis of company's revenue is as follows:

	<u>31.12.08</u>	<u>31.12.07</u>
Wages	641	625
Utilities	635	359
Depreciation	405	203
Sundry expenses	1148	888
Material costs	6373	6577
Marketing/promotion costs	0	<u>58</u>

The above amounts have been allocated as follows:

Cost of sales	<u>31.12.2008</u>	<u>31.12.2007</u>
Wages		
Utilities		
Depreciation		
Sundry expenses		
Material costs	6373	6577
Marketing/promotion costs	<u> </u>	<u> </u>
	6373	6577
 Administration expenses		
	<u>31.12.2008</u>	<u>31.12.2007</u>
Wages	90	125
Utilities	89	72
Depreciation	57	30
Sundry expenses	158	143
Material costs		
Marketing/promotion costs	<u> </u>	<u> </u>
	394	370

Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

Other operating expenses

	<u>31.12.2008</u>	<u>31.12.2007</u>
Wages		
Utilities		
Depreciation		
Sundry expenses	18	315
Material costs		
Marketing/promotion costs		
	-----	-----
	18	315

Distribution expenses

	<u>31.12.2008</u>	<u>31.12.2007</u>
Wages	551	500
Utilities	400	287
Transportation costs	146	
Depreciation	348	173
Sundry expenses	972	430
Material costs		
Marketing/promotion costs	0	58
	-----	-----
	2417	1448

Restructuring costs

	<u>31.12.2008</u>	<u>31.12.2007</u>
Dismissals		
AGP Bad debts		

Notes to the financial statements
31st December, 2007
(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
Cost of valuation						
At 1 January, 2007		35	501			536
Translation difference						
Additions			263			263
Disposals			-102			-102
Revaluation increase						
At 31 December, 2007		<u>35</u>	<u>662</u>			<u>697</u>
Accumulated depreciation and impairment						
At 1 January, 2007		29	206			235
Translation difference						
Charge for the year		1	75			76
Disposals			<u>-16</u>			<u>-16</u>
At 31 December, 2007		<u>30</u>	<u>265</u>			<u>295</u>
Carrying amount						
At 31 December, 2007		<u>5</u>	<u>397</u>			<u>402</u>

Notes to the financial statements
31st December, 2008
(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
Cost of valuation						
At 1 January, 2008		35	662			697
Translation difference						
Additions		31	49			80
Disposals		-26	-22			-48
Revaluation increase						
At 31 December, 2008		<u>40</u>	<u>689</u>			<u>729</u>
Accumulated depreciation and impairment						
At 1 January, 2008		30	265			295
Translation difference						
Charge for the year		2	82			84
Disposals		<u>-26</u>	<u>-22</u>			<u>-48</u>
At 31 December, 2008		<u>6</u>	<u>325</u>			<u>331</u>
Carrying amount						
At 31 December, 2008		<u>34</u>	<u>364</u>			<u>398</u>

Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

7. Intangible assets

	<u>Patents, Trademarks</u>	<u>Other</u>	<u>Total</u>
Cost			
At 1 January, 2007	224		224
Translation difference			
Additions	632		632
At 31 December, 2007	856		856
Accumulated amortisation			
At 1 January, 2007	46		46
Translation difference			
Charge for the year	128		128
Impairment			
At 31 December, 2007	174		174
Carrying amount			
At 31 December, 2007	682		682
	<u>Patents, Trademarks</u>	<u>Other</u>	<u>Total</u>
Cost			
At 1 January, 2008	856		856
Translation difference			
Additions	5		5
At 31 December, 2008	861		861
Accumulated amortisation			
At 1 January, 2008	174		174
Translation difference			
Charge for the year	272		272
Impairment			
At 31 December, 2008	446		446
Carrying amount			
At 31 December, 2008	415		415

8. Goodwill

<u>Country of Residence</u>	<u>31.12.08</u>	<u>31.12.07</u>
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Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

9. Inventories

	<u>31.12.08</u>	<u>31.12.07</u>
Raw materials	3	
Work in progress		
Finished and semi finished goods		
Merchandise	2098	1674
Spare parts		
Other inventories		
Provision for slow moving	(55)	(43)

10. Trade and other receivables

	<u>31.12.08</u>	<u>31.12.07</u>
Trade receivables	1431	1172
Other receivables	122	117
Provision for doubtful debts	(19)	(6)

11. Cash and cash equivalents

	<u>31.12.08</u>	<u>31.12.07</u>
Cash in hand	17	9
Balances with banks	515	795
Deposits with banks		

12. Share capital

	<u>31.12.08</u>	<u>31.12.07</u>
Authorised, issued and fully paid: [] ordinary shares of [] each	2977	2977

Notes to the financial statements
31st December, 2008
(Expressed in 000, Ron)

13. **Capital reserve**

	<u>31.12.08</u>	<u>31.12.07</u>
Statutory reserve		
Special reserve		
Tax free reserve		
Share premium		
Other reserves	902	349

14. **Revaluation reserve**

	<u>Land & buildings</u>	<u>Plants & machinery</u>	<u>Other</u>	<u>Total</u>
Balance as at 1.1.2007				
Addition for the year				
Balance 31.12.2007	not applicable			
Addition for the period				
Balance 31.12.2008	not applicable			

15. **Bank loans and overdrafts.**

	<u>31.12.08</u>	<u>31.12.07</u>
Bank loans and overdrafts – due after one year	0	0
Bank loans and overdrafts – within one year:		0
- Volksbank Romania	350	
- Alpha Bank Romania	160	

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 + 2%	secured
Alpha Bank Romania	Yearly renewal	Day interest rate + 2%	secured

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

Not applicable.

Notes to the financial statements
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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>31.12.08</u>	<u>31.12.07</u>
	<u>000'</u>	<u>000'</u>
Present value of payments	12	101
Within one year	12	79
After one year but not more than five years		22
Over than five years		
Total minimum lease payments		
Less: Amounts representing finance charges		

18. Trade and other payables

	<u>31.12.08</u>	<u>31.12.07</u>
Trade payables	533	716
Other creditors		
Advances from clients		
Other payables	104	106

19. Provisions

	<u>31.12.08</u>	<u>31.12.07</u>
At 1 January 2008		
Additional provision during the year		
Utilised during the year		

At 31 December 2008

Notes to the financial statements
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(Expressed in 000, Ron)

20. Accrued expenses/Deferred income	<u>31.12.08</u>	<u>31.12.07</u>
Government grants		
Accrued expenses	30	
Deferred income		
Reconciliation		
21. Deferred tax liabilities		
Deferred tax liabilities relates to the following:	<u>31.12.08</u>	<u>31.12.07</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, 2008
(Expressed in 000, Ron)

22. Commitments and contingencies

Not applicable.

23. Related party disclosures

a) Intercompany transactions (ICOY file) as per 31.12.08 / 31.12.07

		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	31/12/2008					171		
	31/12/2007					52		
Petzetakis, A.G.	31/12/2008		99		38	2811		
	31/12/2007		380		730	2647		
AG Petzetakis GMBH	31/12/2008					177		
	31/12/2007		18			163		
Petzetakis N Greece	31/12/2008				21			
	31/12/2007							
Millenium	31/12/2008							
	31/12/2007							

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>
31 December, 2008 Obreja Alina Executive directors		61				61
31 December, 2007 Obreja Alina Executive directors		36	17			53

c) Managements' remuneration - Not applicable.

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

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. For transactions that are not denominated in the measurement currency of the relevant operating unit, the company does not offer credit terms without the specific approval of the Head of Credit Control.